FINANCIAL TIMES

No. 29,902 Saturday April 12 1986

UK 40p; U.S.A. $1.00; Canada C$1.00; Bermuda $1.50

WORLD NEWS

Israeli cabinet deal near

A compromise to settle the Israeli government crisis was near last night in spite of last-minute opposition from senior Likud Party members.

Under the deal, Finance Minister Yitzhak Moda'i, who faced dismissal by Premier Shimon Peres for criticising him, will exchange jobs with Foreign Minister Yitzhak Shamir, the Likud Party leader.

Mr Shamir is to take over the premiership in October. Mr Peres wants to become Finance Minister then, rather than Foreign Minister.

Equity president resigns

Equity acting union banned its members from performing in South Africa after holding a referendum. Derek Bond, who opposed the ban, resigned as president. Page 10

Silence on kidnapping

Police said they had not heard from the kidnappers of Irish banker's wife Jennifer Guinness, as the deadline set for payment of a I£2m (£1.75m) ransom ran out.

Challenge by Bhutto

Returned exile Benazir Bhutto challenged Pakistan President Zia ul-Haq to allow immediate elections involving political parties, and to leave the country. Back Page

US warned on Gulf

Iranian Navy commander Mohammed Hossein Malekzadegan warned the US not to send its naval patrols into the Iranian half of the Gulf. Page 3

Younger visits Ulster

George Younger, on his first visit to Northern Ireland since becoming Defence Minister, said extra troops were ready to go there, but only if requested by the police. Page 6

Prison action claim

Prison officers warned that disruption in English and Welsh jails would be averted only if the Home Office reopened staffing talks on their union's terms. Page 10

Disabilities bill

A private members' bill to improve care for the handicapped completed its Commons stages after compromises between its sponsors and the Government. Page 8

Terminal Four opens

Heathrow Airport's £200m Terminal Four opens today for flights by KLM, NLM and Air Malta, and some by British Airways. Page 8

Four die in gun battle

Four men—two FBI agents and two suspected bank robbers—died in a five-minute gun battle in a residential street near Miami.

Beirut teacher missing

Irish teacher Brian Keenan was reported missing in West Beirut. French teacher, Michel Brian, kidnapped four days ago, was rescued in the Bekaa valley by rabbit hunters.

Lange olive branch

New Zealand Premier David Lange said two French secret agents jailed there might be repatriated to complete their sentence in French territory. Page 3

Ethiopia plans boycott

Ethiopia said it would boycott the 1988 Seoul Olympic Games if South Korea refused to share some of the venues with communist North Korea.

Cruellest month

April has had the coldest start since official records began in 1948, meteorologists said. The average daytime London temperature of 5.7 degrees is four below normal. Weather, Back Page

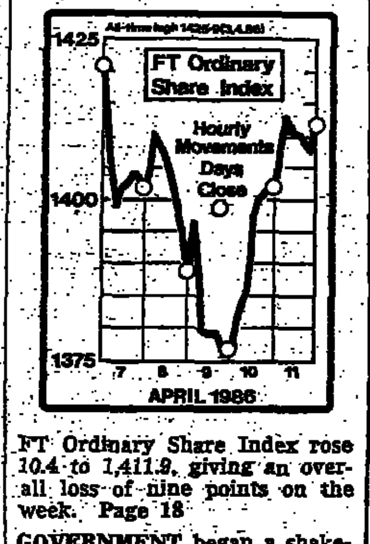
BUSINESS SUMMARY

Michelin returns to profit

MICHELIN of France, the world's second biggest tyre maker after Goodyear of US, confirmed its recovery from several years of losses by reporting a consolidated net profit of FFr 1bn (£92m) for 1985. This followed FFr 2.2bn losses in 1984.

The group, which has carried out restructuring, plans a rights issue to raise FFr 1bn in fresh capital. Back Page

LONDON equities maintained Thursday's recovery, boosted by an overnight rise on Wall Street and optimism over UK inflation and interest rates. The



FT Ordinary Share Index rose 10.4 to 1,411.9, giving an overall loss of nine points on the week. Page 18

GOVERNMENT began a shake-up in export finance by proposing a cut in the amount it pays banks for lending at fixed interest rates to UK exporters. Back Page

AVIATION Minister Michael Spicer said the UK would be compelled to take the issue of freer European aerospace competition to the European Court if negotiations failed. Back Page

GULF CANADA raised its offer for Canadian resources group Hiram Walker to C$38 per share in response to the C$36.5 per share bid from TransCanada PipeLines.

ANGLO-US investment group Trafalgar-Glen sold its stake in Minebea of Japan but said this did not signal an end to its hostile pursuit of the ball bearing company.

ITALY is to lift foreign exchange controls which it imposed in January to ward off a devaluation of the lira. Page 2

LLOYDS BANK, which last week made a £1.17bn takeover proposal for Standard Chartered Bank, was asked by Standard's chairman Lord Barber to clarify its bid intentions. Page 14

SAVINGS flow into building societies eased slightly last month, mainly because final payments were due from investors in British Telecom shares. Page 4

REGIONS: Trade and Industry Department is considering whether to make the insurance and private health care sectors eligible for regional development grants. Back Page

TAX inspectors' association rejected the offer of a performance-related pay premium made by the Treasury in an attempt to stem the flow of Inland Revenue staff to the private sector. Page 10

IBM said uncertainty in the US economy and slow growth in capital spending were responsible for restricting first-quarter net earnings to $1.017bn (£690m)—up 3.1 per cent Page 15

FIRST CHICAGO, 10th largest US bank, raised first-quarter net income by 58 per cent to $63m (£42.7m) despite higher provisions for loan losses. Page 15

LOW AND BONAR, Dundee-based packaging, textiles and electronics group, is to raise £22.6m through a rights issue for investment and acquisitions. Page 14

Hanson emerges as victor in £2.8bn battle for Imperial

BY MARTIN DICKSON

HANSON TRUST, the aggressive industrial conglomerate, was assured of victory yesterday in the £2.8bn takeover battle for Imperial Group.

United Biscuits signalled the failure of its offer for the company, which has tobacco and brewing interests, by announcing that shareholder acceptances had fallen well short of the 50 per cent needed to win.

United's defeat in Britain's biggest takeover battle was despite of the Imperial board's recommending the offer to shareholders.

United, which had bought 14.9 per cent of Imperial's shares in the market, announced that by yesterday afternoon, the closing date of its offer, it had received acceptances from shareholders which lifted its total only 34.1 per cent.

Hanson, which has bought 14.1 per cent of Imperial's shares, said last night it was still counting acceptances but estimated its holding had been raised to between 42 per cent and 45 per cent. Hanson can extend its offer until the end of the month —a move which will ensure victory.

The battle was one of the fiercest recently and shareholders were offered a clear and very distinct choice.

Sir Hector Laing, chairman of United Biscuits, said there would be great cost benefits and opportunities for organic growth in putting together his company's food businesses with Imperial's.

Unitede's interests include McVities biscuits, KP snacks and the Pizzaland and Wimpy restaurant chains, while Imperial's include Happy Eater restaurants and Ross and Young's frozen foods. The aim was to build an international branded foods business to challenge large US companies.

Lord Hanson, chairman of Hanson Trust, dismissed this as a high-risk strategy and stressed his company's track record for turning around problem businesses.

Victory for Hanson will confirm its success in the field of takeovers, particularly as it comes three months after winning a particularly bitter $920m (£623.7m) battle in the US to acquire SCM, the typewriters and chemicals group.

United was last night putting a brave face on the defeat, which some analysts say could make the company a bid target. Sir Hector said he was disappointed shareholders had turned down the opportunity to create a world-class British consumer products company. He added that United was in "great shape," and was as strong as when it entered the battle: "We have not made the move into the league, but there are other fish to fry."

United has yet to decide whether to sell its Imperial shares in the market or accept the Hanson offer. The company spent about £360m buying the shares, but the rising stock market means that on the basis of last night's closing prices the stake is worth about £410m. Disposing of the holding should more than cover United's bid expenses, which are expected to be about £20m.

Sir Hector, asked whether he might be interested in buying Imperial food assets from Hanson Trust, said. "I don't know if Hanson would want to sell. I would hope that if he did, we would be in on the act."

United's defeat is also a setback for Morgan Grenfell, its financial adviser and the merchant bank with the reputation for the most audacious tactics in takeover bids. This is the seventh big battle it has lost in the past few months. Imperial was advised by Hambros.

Hanson, advised by N. M. Rothschild and J. Henry Schroder Wagg, said it had closed its cash alternative offer and would make an announcement on Monday about an extension of its other offers. Shares in Hanson closed at 185p, up 6p on the day, while United rose to 266p, up 3p, and Imperial closed at 363p, up 19p.

During the battle, Imperial agreed to sell its Golden Wonder snacks subsidiary to Dalgety for £54m to overcome having its bid referred to the Monopolies Commission. The lapsing of its offer means the deal is now off.

Background, Page 4; Lex, Back Page

US battle groups prepare for strike on Libya

BY REGINALD DALE, US EDITOR, IN WASHINGTON

TWO US aircraft carrier battle groups were reported yesterday to be heading for a rendezvous off Sicily to await possible orders from President Ronald Reagan for a retaliatory air strike against Libya.

While the US Administration was widely reported to have approved military action in principle, there was no indication that Mr Reagan had given the go-ahead for a specific plan of attack.

It was thought unlikely that the fleet of more than 20 warships, with more than 160 aircraft, would be ready for action before the week-end. One official, however, said it would not take long to form a combined battle group and "move out."

A widespread view in Washington was that by talking so openly of military retaliation, Mr Reagan had narrowed his options to the point at which he would have to act to maintain his credibility. White House officials conceded privately that this was probably the case.

Administration spokesmen, however, limited themselves to drawing attention to remarks by Mr Reagan on Wednesday night, when he said that the US would respond militarily, if there was proof that Col Muammer Gadaffi, the Libyan leader, had been involved in last week's terrorist attacks against Americans in western Europe.

There were strong indications, however, that the Administration believed that it had evidence implicating Col Gadaffi in the bombing of a West Berlin nightclub last weekend in which one American was killed and 64 were among the more than 200 injured.

Speaking in Atlanta earlier this week, General Bernard Rogers, commander of the North Atlantic Treaty Organisation in Europe, endorsed claims by other Administration officials that there was "indisputable evidence" of Col Gadaffi's involvement in the Berlin attack.

Gen. Rogers added that US officials had been trying to warn off-duty American soldiers of a terrorist threat in West Berlin when the nightclub bomb went off. "We were about 15 minutes too late," he said.

It has been widely reported that US intelligence intercepted communications from Libya to its mission in East Germany, including a congratulatory message from Col. Gadaffi after the bombing.

As the Administration continued weighing its military options yesterday, officials said they believed that both Congress and the American public would generally support military action against Libya, particularly if it took the form of a "surgical" strike with few American casualties.

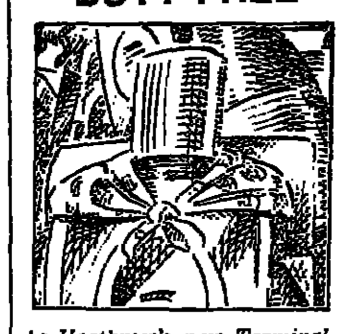
Possible targets were said to include Libyan air bases near the Mediterranean coast, coastal communications and radar sites, supposed terrorist training camps inland and oil installations.

Some reports suggested, however, that US forces were unlikely to attack the oil installations, for fear of injuring civilians and foreign workers.

Continued on Back Page
Kohl opposes reprisals, Page 2

WEEKEND FT

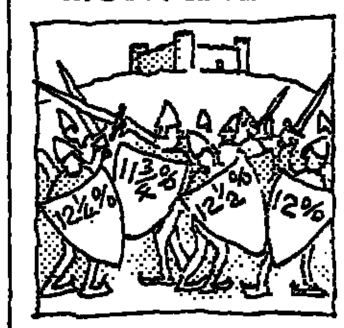
DUTY FREE



As Heathrow's new Terminal 4 opens today, the tramp of passengers' feet will be matched by the sound of cash registers. For duty-free is the key.

Page I

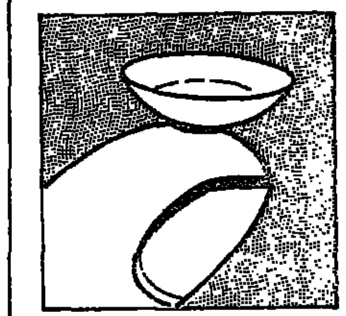
MORTGAGES



The mortgage rate battle hots up.

Page IV

EYE SPY



Contact lenses are becoming increasingly popular. How to Spend It looks at the advantages and disadvantages of the various types available.

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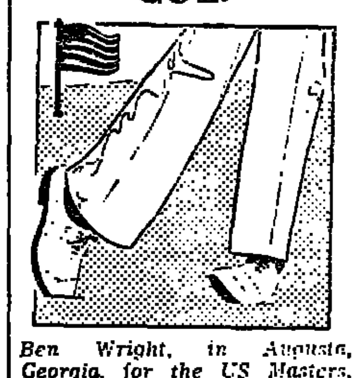
GOLF



Ben Wright, in Augusta, Georgia, for the US Masters, explains why three Europeans head the world golf ratings.

Page XVIII

Tories dismiss significance of reverse at Fulham

BY PETER RIDDELL, POLITICAL EDITOR

THE Conservative Party leadership yesterday shrugged off the loss of the Fulham by-election to Labour and prepared for early contests in Ryedale, North Yorkshire, and in West Derbyshire, probably on May 8, when local government elections are held.

Mrs Thatcher, during a visit to Exeter yesterday, dismissed the Fulham result as "a typical mid-term election."

However, the win by 3,503 votes of Mr Nick Raynsford, who overturned a Conservative majority of 4,789 in the 1983 General Election, is only the second by-election gain by Labour in the past 15 years.

The result has undoubtedly boosted Labour morale ahead of the local government elections and Mr Neil Kinnock, the party leader, said it had given the winning habit back to Labour. On the basis of the Fulham figures, Labour would win about half the seats in the Commons at a general election—somewhat better than results forecast by recent opinion polls.

There are now likely to be inquests within the Alliance about its worst by-election result since 1983, although an experienced candidate was standing pursuing a vigorous campaign. Party leaders were yesterday blaming the social polarisation between Tory and Labour in Fulham, and the familiar trend where the votes of one of the three main candidates tends to get squeezed in a by-election.

Supporters of Mr Kinnock will argue that Mr Raynsford won in part because he presented a moderate and traditional Labour image and rejected the hard left-wing by supporting the expulsion of leaders of the Trotskyite Militant Tendency. The centre-right in the party hopes this will lead to a further isolation of the left-wing.

The Conservative leadership was yesterday relaxed about the result, mainly because of the poor showing in third place of the SDP/Liberal Alliance.

The Tories regard the Alliance as the main threat to their heartland in rural and southern England, and believe that a Labour revival could help protect their position.

Mr Norman Tebbit, Conservative Party chairman, said on ITN that the by-election heralded the return of two-party politics. He said the Alliance's revival had passed its peak.

The Conservative leadership will seek to prevent any Alliance recovery by holding the Ryedale and West Derbyshire by-elections as quickly as possible. May 8 is preferred because Alliance campaign resources will be diverted by local contests.

The Tories are defending a majority of 15,325 in West Derbyshire and of 16,142 in Ryedale, with the Alliance in second place in both.

Mr David Steel, the Liberal leader, argued that one isolated victory did not make a Labour Government. He was sure the two forthcoming by-elections would confirm the pattern of a three-party system.

Labour's victory, Page 8; Search for a voice and a newspaper, Page 12

Soviet moratorium on nuclear tests ends

BY PATRICK COCKBURN IN MOSCOW AND REGINALD DALE IN WASHINGTON

THE SOVIET UNION announced yesterday an end to its eight-month moratorium on tests of nuclear weapons. This followed a US nuclear test in Nevada this week.

"The Soviet State cannot forgo its security and that of its allies," the government stated, adding that it deemed itself free to resume tests.

The announcement, and the propaganda that accompanied it, left the US administration undismayed. Both had been expected. US officials did not believe that the move would harm plans for a US-Soviet summit meeting, due this year in the US.

The Soviet Union said it was prepared to return to a joint US-Soviet moratorium on nuclear tests, provided Washington agreed to halt nuclear explosions. No date was given for a resumption of tests.

US officials, however, have consistently made clear that the US plans to proceed with its test schedule and is not interested in a test ban in current circumstances. They say Washington's priority is to reduce the size of the two superpowers' nuclear arsenals, and that the US will not believe that Moscow wants arms control until it engages in serious negotiations on arms reductions.

Mr Mikhail Gorbachev, the Soviet leader, announced the moratorium in August 1985. It was extended for a further three months at the start of this year. At the end of last month, Mr Gorbachev warned that any US test after March 31 would lead

Continued on Back Page

Discount rate cut appears more likely

BY STEWART FLEMING IN WASHINGTON

RENEWED uncertainty about the immediate economic outlook an signs of White House pressure on the Federal Reserve fanned continuing speculation on Wall Street about the possibility of a cut in the Fed's 7 per cent discount rate yesterday.

The usual doubts about the precise timing of any Fed initiative were heightened, however, by the increasing international political dimension to monetary policy moves at a time when the leading industrial countries are working to both achieve and demonstrate closer economic co-operation.

The fact that Mr Yasuhiro Nakasone, the Japanese prime minister, is due in Washington today for top level talks, including a meeting with President Ronald Reagan at Camp David tomorrow, was another factor adding to the uncertainty.

An Administration official briefing reporters at the White House ahead of Mr Nakasone's visit said that the Administration wanted to see faster Japanese economic growth, lower Japanese interest rates and a stronger yen.

During the week, against the backdrop of the meetings of the International Monetary Fund and World Bank interim and development committees which are attended by the world's finance ministers and central bankers, there has been persistent speculation about the possibility of another co-ordinated cut in industrial country interest rates similar to that agreed by West Germany, Japan and the US last month.

But West German officials have made it clear that they are in no hurry to undertake such an action, and this too has added to uncertainty about US and Japanese intentions.

Signs that the White House, at least, is in a hurry surfaced in the shape of an interview by Mr Beryl Sprinkel, the monetarist chairman of the president's Council of Economic Advisers, who was quoted as urging the Fed to move.

"There is now a significant spread between the discount rate and treasury bill rates. I would expect that the Fed will as always adjust their discount rate to the market," Mr Sprinkel was quoted as saying.

The decline in short-term interest rates, which has taken three-month Treasury bill yields to about 6 per cent, a full percentage point below the 7 per cent discount rate, and Federal funds to the 7 per cent level, is seen as one domestic economic development which should open the door for an eventual discount rate cut.

Yesterday's economic news — that retail sales in March slipped 0.6 per cent in March while wholesale prices fell 11 per cent — was also seen by many on Wall Street as reinforcing the domestic economic policy case for a discount rate cut.

MARKETS

DOLLAR

New York lunchtime:
DM 2.3065
FFr 7.343
SFr 1.924
Y178.3

London:
DM 2.3055 (2.334)
FFr 7.3425 (7.4275)
SFr 1.9245 (1.9515)
Y178.35 (179.2)

Dolar index 118.7 (119.6)

Tokyo close Y178.15

US LUNCHTIME RATES

Fed Funds 7 7/16%
3-month Treasury Bills: yield 6.14%
Long Bond 122 ¹⁹⁄₃₂ yield 7.35%

GOLD

New York: Comex June latest $345.7
London: $341.5 ($338.25)

STERLING

New York lunchtime $1.477
London: $1.475 (1.4645)
DM 3.4 (3.4175)
FFr 10.83 (10.8775)
SFr 2.8375 (2.8575)
Y 263.0 (262.5)
Sterling index 76.1 (75.9)

LONDON MONEY

3-month interbank: closing rate 10 3/16% (10¼)

NORTH SEA OIL

Brent 15-day May $13.05 ($13.15)

STOCK INDICES

FT-Ord 1,411.9 (+10.4)
FT-A All Share 825.53 (+0.4%)
FT-SEE 100 1,694.1 (+3.8)
FT-A long gilt yield index: High coupon 8.87 (8.9)
New York lunchtime: DJ Ind Av 1,795.76 (+1.46)
Tokyo: Nikkei 15,326.38 (+122.81)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20.

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For London market and latest share index 01-246 8026; overseas markets 01-246 8086

Sweden agrees private sector pay package

BY DAVID BROWN IN STOCKHOLM

PAY NEGOTIATIONS for Sweden's private sector were virtually settled yesterday following agreement on a two-year pay package for the country's 750,000 blue collar workers.

Mr Kjell-Olof Feldt, the Finance Minister, hailed the agreement as an important contribution to the Government's anti-inflation effort.

The deal, which roughly mirrors a settlement reached on Thursday by 550,000 white collar employees, will increase labour costs for Sweden's private sector employers by between 9 and 10 per cent over the next two years.

The package agreed in central negotiation between the LO trades union council and the SAF employers' federation is to serve as a guideline for union-management talks in the individual industrial sectors which will now commence.

The LO yesterday called for an immediate further reduction in interest rates to help ensure an increase in real wages for its members.

Yesterday's deal gives the union renegotiation rights if consumer prices rise by more than 3.2 per cent between December 1985 and December 1986, and also gives priority to relatively low-paid workers.

Working hours for shift workers are to be reduced from 39 to 38 hours per week in two steps between mid-1987 and mid-1988.

Meanwhile, Swedish inflation, *calculated on an annual basis*, declined from 5.3 per cent to 4.3 per cent in March, but remains well above the February 3.1 per cent average level among its major trading partners, Statistics Sweden reported. The corresponding annual inflation rate at the end of March 1985 was 8.1 per cent.

• More than 20,000 Norwegians have been laid off because of a four-day-old dispute in which 100,000 other workers have been locked out, trade unions said yesterday, Reuter reports from Oslo.

Much of Norway's heavy *industry, including metals* production, construction work and shipyards, has been closed by the dispute, which began on Tuesday when annual wage talks between the Norwegian Federation of Trade Unions (LO) and the Confederation of Norwegian Employers (NAF) *broke down.*

Five different ways of working together

Below the surface unanimity at this week's IMF meeting co-operation has meant different things to different ministers in the Group of Five, writes Philip Stephens, Economics Correspondent

"OBJECTIVE indicators" is the latest catchphrase among finance ministers of the industrialised nations. *As the ministers* agreed on their upbeat assessment of the economic outlook at the week's meetings of the International Monetary Fund, the idea of target zones for major currencies was unceremoniously buried.

Instead, governments said that they hoped to widen the focus of international co-operation to include a whole range of policy goals — the objective indicators in IMF jargon.

The Group of Five — the US, Japan, West Germany, France and Britain — agreed meanwhile to continue pragmatic co-ordination of interest and exchange rate policies and held out the prospect of a further lowering in borrowing costs.

Below the superficial unanimity, however, it was clear that the commitment to strengthened co-ordination meant distinctly different things to different ministers among the Five. And though the US temporarily shelved its call for an international monetary conference, it is still dissatisfied with the workings of the present monetary system.

*Mr Nigel Lawson, the Chan*cellor, emerged as one of the strongest supporters of broader co-operation. His view was that commonly agreed policy indicators, covering perhaps fiscal and monetary stances, current account positions and growth rates, would provide a medium-term framework for the world economy.

Governments could not be expected to surrender their sovereignty in economic policy-making, but published goals for each country would bring "peer group pressure" to help ensure that policies were internationally consistent.

Mr Gerhard Stoltenberg, Mr Lawson's West German counterpart, was far less enthusiastic. Along with Japan's Mr Noburu Takeshita he ensured that the various communiques released this week gave only a general commitment to further studies.

Mr Stoltenberg also made it clear that his government was not prepared to accept the idea that the objective indicators, if agreed, could act as an automatic trigger mechanism for policy changes if targets were not being met.

The apparent consensus among the Group of Five on the success of last September's Plaza agreement in securing a more durable pattern of exchange rates also masks significant differences.

Mr James Baker, the US Treasury Secretary, adopted a low profile this week before *preparing his position for* next month's seven-nation world economic summit in Tokyo.

There is clearly, however, considerable irritation in the Washington administration about the pace of growth outside the US. Mr Baker's position appears to be that the fall in the value of the dollar so far will not be enough to turn round the huge US trade deficit and the parallel surpluses in Japan and West Germany.

The choice facing other governments then was a further drop in the dollar's value, with all the attendant risks, or faster growth in Japan and Europe.

This week it was Mr Takeshita who was on the receiving end of most of the pressure. With Japan's economy growing at a relatively sluggish $2\frac{1}{2}$ to 3 per cent he faced demands from the U.S. and European governments to let the Yen continue appreciating and to offset the impact on demand by easing fiscal policy.

Mr Lawson, pointing out that Japan will gain more from lower oil prices than most other industrial countries, said that there was almost universal agreement that the Yen should and would rise further.

The US, however, is also dissatisfied with the pace of growth in Europe, despite the current buoyancy of the West German economy. Mr Baker told his colleagues that the prospects for 1987 were that the US economy would expand faster than those in Europe.

This week's talks among the Group of Five on the possibility of interest rate cuts were not without their disagreements. The US, backed by Japan, is keen for another early round of concerted *reductions, perhaps* in the run-up to the Tokyo summit.

That has intensified speculation that the Federal Reserve may soon announce a cut in the US discount rate.

But Mr Karl Otto Poehl, the president of West Germany's Bundesbank and a jealous guardian of his central bank's independence, was cautious about a further concerted move. Mr Stoltenberg insisted that there had been no "secret deal" on the timing of any move, and suggested that France rather than West Germany might be best placed in Europe to take the lead.

Both the West German and Japanese delegations gave a sceptical response to the US view that a key quality of an improved international monetary system would be an element of "automaticity."

This would curb the flexibility of the present system, with the aim of ensuring an *automatic* policy response if, for example, exchange rates looked like becoming seriously misaligned.

Mr Baker, conscious of the pressure that the US faces to curb its budget deficit, also emphasised his view that the *obligation to tackle* imbalances in the world economy should apply even-handedly to countries with large current account surpluses as well as to those with deficits.

In public, the ministers attending this week's meetings went out of their way to play down such differences, emphasising instead the success of cooperation so far in bolstering the prospects of a continuing economic recovery.

With the Tokyo summit just over three weeks away, governments are concerned to set a *positive tone.*

There was evidence nonetheless that the impetus generated by the Plaza accord has weakened, a trend compounded by institutional wrangling over the Group of Five's role in setting the pace of international cooperation.

At their meeting this week the ministers failed to solve the thorny problem of whether to admit Italy and Canada to the Group, but it was clear that the existing members are reluctant to expand the club.

Italy to lift foreign exchange controls

By James Buxton in Rome

THE Italian Government yesterday decided to lift the foreign exchange controls which it introduced as a matter of urgency on January 16 this year to ward off a possible devaluation of the lira.

The Foreign Trade Ministry is to remove from Monday the requirement that Italian companies finance 75 per cent of their exports in foreign currency. It will also lift the ban imposed in January on importers settling their debts ahead of the contract date.

The ministry made clear that the controls were being lifted because the emergency conditions of mid-January no longer prevailed.

Earlier this week, after Italy *had refrained* from letting the central parity of the lira decline 3 per cent in line with the French franc in the realignment of the EMS, businessmen and economists made strong calls for the Government to demonstrate further confidence in the lira by lifting the *January measures.*

With yesterday's decision, foreign exchange restrictions on trade finance returned to the state they had reached when the most recent loosening of control took place last October.

The Government is also to remove the requirement that Italian mutual funds investing in foreign securities make a non-interest bearing deposit equal to 25 per cent of the cost of the investment.

This should encourage the funds to diversify their investments, and so relieve pressure to invest in the Italian securities market.

Alberta plans budget deficit rise after oil revenue fall

BY BERNARD SIMON IN TORONTO

THE GOVERNMENT of the Canadian province of Alberta has simultaneously called an election and tabled a budget providing for a large increase in the provincial budget deficit in the wake of lower oil and gas prices.

The budget forecasts that government revenues from the energy industry will plunge by a third to C$2.9bn (£1.48bn) in the year to March 1987. The overall budget deficit is expected to rise from C$ 340m in fiscal 1986 to C$2.1bn this year.

The projected shortfall does not take into the account the C$400m tax relief package unveiled earlier this month for oil and gas producers.

The Government has decided for the time being not to dip into the C$ 15.1bn heritage fund, which has been built up since the 1970s from a portion of royalties paid by the energy industry.

The fund, designed as a cushion against volatile energy prices, will generate C$1.5bn in investment income this year, which will help provide social services.

Alberta's new premier Mr Donald Getty, who took over from the redoubtable Mr Peter Lougheed in the autumn, said the health of the energy industry would be among the main issues in the forthcoming election, to be held on May 8.

Mr Getty's Conservative Party holds 75 of 79 seats in the provincial legislature

Kohl opposes military reprisals

BY RUPERT CORNWELL

CHANCELLOR Helmut Kohl yesterday said there were a "whole string" of pointers to a Libyan involvement in the Berlin discotheque bombing, but made clear West Germany's misgivings about any direct US military reprisal against Colonel Mummar Gadaffi.

Mr Kohl said he could understand the bitter and emotive American reaction to the latest attacks in Europe, aimed at US targets, and pledged that Bonn would make its proper contribution to the campaign to stamp out terrorism.

But, after reiterating his opposition to the economic sanctions demanded by Washington, Mr Kohl delivered a thinly veiled warning against military counter - measures against Tripoli.

"You've got to be careful when you talk about retaliation to be clear at the beginning what the end might be," he said.

The Chancellor's circumspection and his refusal to go beyond the assertion merely that there were pointers "to a Libyan "background" to the discotheque attack early last Saturday was in keeping with the caution Bonn has shown over the US-Libyan crisis, despite the expulsion this week of two Libyan diplomats.

The US, however, maintains that the European allies are not pulling their weight in its campaign against Libya, and is likely to voice its feelings again—albeit in diplomatic terms—when Mr Hans-Diertrich Genscher, the Foreign Minister, visits Washington next week.

In the meantime protection has been stepped up sharply for the US community in the country. "We will not allow Americans to be bombed out of Germany," the Chancellor declared, adding that he had discussed *the terrorism question* on Thursday with Mr Guenter Mittag, the senior East German politburo member who has just visited West Germany.

He said he had told Mr Mittag that it was in their common interest that central Europe did not become a "showplace for international criminals, the dregs who are operating here."

It also became known yesterday that security officials from several West European countries met in West Germany yesterday to intensify their co-operation against terrorism.

But the credibility of their efforts risks being underlined by the failure so far of the three Western allies to agree on stricter controls on foreigners, especially Libyans, entering West Berlin from the East.

Fears grow over revival of anti-semitism in Austria

BY PATRICK BLUM IN VIENNA

AUSTRIAN Jewish organisations expressed fears yesterday about a possible revival of anti-semitism in Austria following the row over allegations about the war-time activities of Dr Kurt Waldheim, a former secretary-general of the UN and a leading candidate in Austria's presidential election next month.

The Israelitische Kultusgemeinde, the most important Jewish Organisation in Vienna, said yesterday that it had recently received a large number of threatening anti-semitic letters warning of reprisals if Dr Waldheim was not elected.

Dr Waldheim has denounced anti-semitism and vigorously denied allegations that he had been a member of Nazi organisations and that he had been involved in Nazi atrocities in the Balkans.

The row provoked by the allegations which are supported by the World Jewish Congress have led to fears of a resurgence of anti-semitism compelling Austrian President Rudolf Kirschlager to speak out earlier this month in an effort to calm down emotions roused by the presidential campaign.

Yesterday 600 Austrian artists and intellectuals signed a petition calling on Dr Waldheim to withdraw from the presidential race. The petition said the row over Dr Waldheim's past has caused "catastrophic damage to Austria's image abroad."

There is a residual element of anti-semitism in Austria which has never been confronted, a long-standing Austrian Jewish journalist said:

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Lange may repatriate agents

By Dal Hayward in Wellington

NEW ZEALAND'S Prime Minister David Lange last night said his government might be prepared to repatriate the two French secret agents, now imprisoned in New Zealand, to serve out their sentence in some French territory.

Mr Lange has hinted New Zealand could consider an early release of the agents, now serving 10 years for their involvement in the bombing of the Greenpeace vessel Rainbow Warrior if the French government would *guarantee* continued imprisonment.

France said yesterday it was too early to assess Mr Lange's remarks.

Hawke rejects SDI

The Australian Government yesterday reiterated its policy of not supporting the US Strategic Defence Initiative (SDI), or Star Wars programme, writes **Emilia Tagaza**

Prime Minister Bob Hawke said that he told US Defence Secretary Caspar Weinberger, that while he accepted the US's integrity it still was not appropriate for Australia to be associated with the programme. Secretary Caspar Weinberger

But Mr Hawke said this position did not impede private Australian companies and universities — so long as research did not relate to space weapons development.

EEC aids Portugal

The European Economic Community has approved the allocation of Ecu 48m (£30m) in regional development funds to 292 projects presented by municipalities all over Portugal, writes **Diana Smith in Lisbon.**

This package, announced in Lisbon by Jacques Delors, president of the commission of the EEC, is the first of small but locally important municipal projects to be approved since Portugal's accession to the EEC on January 1 this year.

French inflation falls

France's annual inflation rate fell to 3 per cent in March from 3.4 per cent in February, despite a slight acceleration in consumer prices last month, writes **David Marsh in Paris.**

According to provisional figures from Insee, the government's statistics institute, consumer prices in March rose by 0.3 per cent *after a fall of 0.2* per cent in February.

West German Pravda

The Soviet Communist Party daily, Pravda, appeared on West German streets for the first time yesterday in German—wrapped in a cover-sheet bearing an advertisement for a US brand of cigarettes, *reports Reuter.*

The newspaper, a literal translation of the Moscow March 18 edition, sold four times more than most West German newspapers. It is being launched in German-speaking Western Europe in addition to the French and Italian editions already sold by the same Parisian publisher.

The private venture has no official Soviet involvement.

Andrew Whitley reports on the conflict between Prime Minister Peres and his former Finance Minister

Partnership that brought Israel a period of prosperity

PUBLIC opinion polls are much beloved by politicians all over the world. Nowhere more so than in Israel where every citizen has an opinion and considers it his right to speak out on the affair of the day.

As the week-long crisis in the coalition Government of national unity winds down a typically Israeli compromise, it is the surfeit of opinion polls of recent weeks which perhaps explain best what this violent spring squall was all about.

But first the essential background to the polls. For the *past nine months Israelis* have experienced the longest period of economic stability they have known in a decade. Prices *actually declined in January,* and the consumer price index looks set to reach little more than 30 per cent this year — *compared with 185 per cent in* 1985 and a dizzying 445 per cent the year before.

Unemployment, in nowhere near as bad as was feared when the Government, in some desperation, launched its emergency economic plan in July.

The trade deficit has widened worryingly in the first quarter—a warning bell for those who stand guard over Israel's newly rebuilt foreign exchange reserves—but, as far as the man in the street is concerned, the reasons for this are to the good.

Both the Bank of Israel and the Treasury blame higher consumer demand for the recorded rise in imports of recent months.

This revival of a sense of personal wellbeing — coupled with growing confidence in the ability of Israel's strange two-headed beast of a Government to manage the country's economic affairs—was clearly reflected in the polls.

A poll published this week, at the height of the crisis, gave Mr Shimon Peres, the Prime Minister, a rating of 56.8 per cent as the man Israelis would most like to see in the post, compared with 3.8 per cent for his nearest rival Mr Yitzhak Shamir, the Likud leader.

Showing an admirable disregard for party boundaries, the same bouquets were heaped on Mr Yitzhak Moda'i, the Likud-appointed Finance Minister and the man who started the storm by describing the Government's decision to bale out a leading construction company as "robbery" and accusing the Prime Minister of knowing nothing about economics.

He received the support of 45 per cent of those polled against 11.6 per cent for Mr Gad Ya'akobi the Labour Minister of Economy and Planning. In devastating contrast, the Finance Minister's Likud predecessor, Mr Yoram Aridor, was backed by only 2.7 per cent of those polled.

Shimon Peres and Yitzhak Moda'i . . . strains of competing philosophies began to tell

As one of the bones of contention between Mr Peres and Mr Moda'i has been over which of them should take credit for the success of the economic plan — *and thus reap the* expected public rewards — the message should have been clear. The public was happy with both *of them.*

But the polls also contained another, more important, message for the politicians. And it was this which finally prevailed over attempts by hotheads, particularly within Labour, to abandon the coalition agreement.

This message, consistently repeated, is that a large majority of the public is fed up with government crises and wants the rotation of the prime ministership to take place as planned in October — the low opinion they may currently have of Mr Shamir notwithstanding.

Financial discipline enforced by the Treasury under Mr Moda'i played a large part in achieving the much calmer economic waters Israel is now enjoying than it did a year ago. As Mr Moda'i has pointed out, this past financial year was the first in many that the Government did not have to resort to a supplementary budget.

How much longer the strait-jacket now needs to be maintained for is, however, a highly *contentious question, one at the* heart of the political push-pull between Labour and Likud which eventually erupted into *open confrontation.*

The Reagan Administration, concerned about its own role as Israel's banker of last resort, is naturally urging continuing restraint in Government spending, wage rises and reflationary policies.

The Labour Party, however, has been watching with anxiety as a string of major enterprises — *many, but not all, traditional* Labour supporters — have wavered on the edge of collapse. To keep them going several *Government-led rescue packages* have been put together over the past month, though the Prime Minister insists that these have not been at the expense of agreed budgetary limits.

Less openly admitted is the good fortune Israel has enjoyed during the period of its emergency plan, as oil prices have collapsed and the dollar, to which the shekel is linked, has declined sharply against other major currencies. Without these two factors the results of the Israeli plan would undoubtedly have been much less impressive.

On oil imports alone Israel *expects to save at least $400m* this year. In January fuel imports cost the country US$97.4m compared with over $138m a year earlier, and the bill is likely to have been much lower in February and March.

Mr Peres said he wanted to use these and other savings to promote growth, through the injection of state funds back into the economy. Instead, his Likud critics said, he ended up squandering the money on traditional Labour sacred cows like the Histadrut's health fund and its construction arm, Solel Boneh.

The unlikely looking partner*ship between the Labour Prime* Minister, attempting to shed his socialist economic baggage, and the free market-minded Finance *Minister served Israel well* for the initial, vital six months of the emergency plan, when restoring public confidence was essential.

That job done it was, perhaps, inevitable that the strains of competing philosophies would break the reins which had held them together.

Iran warns against US navy patrols

By Kathy Evans in Bahrain

IRANIAN navy commander Mohammed Hossein Malekzadegan warned the US yesterday against allowing its naval patrols to enter the Iranian half of the Gulf.

The warning came just two *days* after US Vice President George Bush reiterated a US pledge to maintain the free flow the oil from the Arab Gulf states through the Straits of Hormuz.

Cmdr Malekzadegan told the Iranian daily, Etlaat: "Our *ships meet (US ships)* during their daily patrol activities . . . If we ascertain that the presence of these ships is a threat to *our* interests, we will decisively enter into action."

The navy commander defined the Iranian half of the Gulf as lying between the continental shelf to 12 miles south of the islands of Abu Musa and Farsi at the northern end of the Gulf.

Abu Musa island lies in the middle of the waterway and is shared between Iran and the Emirate of Sharjah.

The commander said Iran would continue to check "suspicious" cargo ships which took refuge in the territorial waters of the Gulf. He added that, although American naval activity in the Gulf and the Sea of Oman had recently increased, US ships had not interfered in searches undertaken by Iran.

Chirac flies to Africa on first trip

By Peter Blackburn in Abidjan

FRANCE'S NEW right-wing Prime Minister, Mr Jacques Chirac, will receive a warm welcome on Saturday when he pays a flying visit to the Ivorian political capital, Yamoussoukro.

Mr Chirac's choice of the Ivory Coast for his first foreign trip only three weeks after his nomination illustrates the priority the new French Government attaches to preserving France's links with Francophone Africa and is a gesture of respect for its doyen 80-year-old President Felix Houphouet-Boigny.

It is also seen by observers as further evidence of Mr Chirac's desire to play an active role in foreign policy even though President Mitterrand considers it to be his prerogative.

Mr Chirac has already said that he will accompany the French President to the summit of industrial leaders in Japan on May 4-6.

The huge but usually empty avenues of Yamoussoukro will be packed with Ivorians giving a colourful welcome to Mr Chirac, considered as one of the spiritual heirs of the much-esteemed General de Gaulle.

The Ivory Coast is one of France's staunchest African allies as well as one of its main trading partners. There are nearly 40,000 French residents, the greatest concentration in sub-Saharan Africa.

BTR plants hit by fresh strikes in South Africa

BY ANTHONY ROBINSON IN JOHANNESBURG

THE long-standing dispute over the dismissal of 950 mainly black workers at the BTR-Sarmcol plant at Howick in Natal has led to a fresh outbreak of labour trouble for the South African operations of the recently merged BTR-Dunlop group.

A series of wildcat strikes at four of the company's 11 plants last week as part of the campaign to seek re-instatement of the 950 BTR-Sarmcol workers sacked last May and replaced by non-union labour spread this week after a worker was dismissed for alleged intimidation at Dunlop's main Durban tyre factory.

Over 1,500 workers, mostly members of the Metal and Allied Workers Union (Mawu) and the Chemical Workers Industrial Union (CWIU) are on strike and demanding the re-instatement not only of the dismissed Sarmcol workers but also of four others dismissed.

Yesterday union officials throughout the country were addressing mass rallies to discuss the demands which will be placed before engineering industry employers next week when annual wage negotiations begin for 300,000 workers in the industry.

Peking relaxes law on foreign venture ownership

BY ROBERT THOMSON IN PEKING

THE CHINESE Government has relaxed the requirements of a draft law which provides for total ownership of enterprises in China by foreign investors. However diplomats doubt that the new law, due to be passed today, will cause a rush of such ventures.

Chinese officials say an earlier draft stipulating that foreigners can do enterprises only if they agree to export most of *what is produced* has been amended. The new draft allows foreigners to own companies that either introduce advanced *technology* or "primarily" produce goods for export.

While the revised draft law also protects foreign enterprise from nationalisation, diplomats here say such companies will still be subject to the unpredictable political winds in China and note that past practice has been to interpret laws to suit the Government's short-term needs.

Earlier in the week, according to reports released by the Chinese news agency, Xinhua, delegates to the National People's Congress, China's parliament, had apparently complained that the previous draft was not specific enough.

In a move obviously designed to appease foreign investors, many of whom have complained about the difficulties of profit repatriation, the proposed law stipulates that "investments made by a foreign investor in China, the profits he earns and his lawful rights and interests shall be protected by Chinese law."

Another provision states, in typically vague language, that "shall be conducive to the development of China's national economy."

The vice-chairman of the All-China Federation of Industry and Commerce, Liu Nianzhi, said many industries do not need the establishment of foreign ownership and that the aim is to attract *companies in* technology intensive fields.

UK NEWS

Building societies strong despite fall in receipts

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE FLOW of savings into building societies eased slightly last month, mainly because of the final payment due from investors for their British Telecom shares.

However the underlying position remains strong and the building societies seem hopeful that another cut in interest rates will be possible in the booming market in home loans.

Building Societies Association figures yesterday showed total receipts in March of £4.941bn. Withdrawals amounted to £4.284bn, leaving net receipts of £657m. This compares with a net intake of £793m in February and £770m in January.

Sir Richard Weir, the association's secretary-general, said this decline had been expected because of the BT requirement in early April.

In the mortgage market, the building societies confirmed what Mr Weir called "their premier position" by promising loans worth more than £2.8bn, the second greatest total ever, in spite of increasing competition for home loan business from banks and other newcomers to the market. "Mortgage demand remains high," Mr Weir said.

The societies had made up for the fall in receipts by borrowing more money in the wholesale markets, he added. This totalled £463m, compared to net repayments of £128m the month before.

This sharp increase was partly due to the marked fall in the cost of wholesale funds, and also to the growing involvement of the societies in the Euromarkets. Some of them issued fixed-rate Eurobonds and then swapped them for floating-rate obligations.

Although the societies did not immediately match the recent cut (from 11.5 per cent to 11 per cent) in bank base rates, any further fall in borrowing costs is certain to bring down mortgage rates. Competition for new business in home loans is probably as intense now as ever, particularly with the entry to the market of more US banks.

The association's quarterly survey of house prices shows that, in the fourth quarter of 1985, the average house cost £32,518—up 9.2 per cent on that quarter of the previous year. Average prices range from £47,593 in Greater London to £22,607 in the north of England.

Scheme set up to provide advice on marketing

BY WILLIAM DAWKINS

SUBSIDISED marketing consultancy is to be provided for small and medium-sized businesses by an advisory service announced yestday by Mr Paul Channon, the Trade and Industry Secretary.

The scheme, will open later this year to make available outside consultancy for businesses seeking to develop or improve marketing strategies, he told a meeting of the West Midlands branch of the Engineering Employers' Federation in Edgbaston.

The Department of Trade and Industry will pay the bill for the first two days' consultancy, and contribute 75 per cent of the cost of the next 13 days.

The scheme, expected to start in the autumn, will provide help on the same terms as existing DTI support services for production, quality assurance and design.

Mr Channon emphasised that support for marketing would only be available for consultancy on overall market strategy.

"Marketing is the management process for identifying, anticipating and satisfying customers' requirements profitably, but many UK firms interpret the function more narrowly, seeing it just as the way in which they sell their existing products or services," he said.

The scheme will be operated by the Institute of Marketing through its four regional agencies.

Car and commercial vehicle output falls

By John Griffiths

CAR AND commercial vehicle production in the UK declined in the first quarter of this year from the improved levels of 1985.

An industrial dispute and the introduction by Ford of its new Transit van and revised Escort/Orion car range were factors in a sharp decline during the first two months. Demand for cars and commercial vehicles fell in the quarter overall.

Provisional statistics from the Trade and Industry Department show that commercial vehicle production in the six months to the end of March was down by 26 per cent, compared with the previous six months, and that of cars was down by 11 per cent.

Car production in March revived, compared with the first two months. However, the seasonally adjusted output figure for the month of 88,000 was as in March last year.

Commercial vehicle output (seasonally adjusted), at 18,100, was also greater than in the first two months but less than the 22,100 of March last year.

The downturn follows the best year for UK car production since 1978. It rose by 12 per cent last year to top 1m, against expectations.

Commercial vehicle output also rose — by 17 per cent to 263,283, but from a 1984 level which was the lowest for 35 years.

Heseltine supports Land Rover buy-out

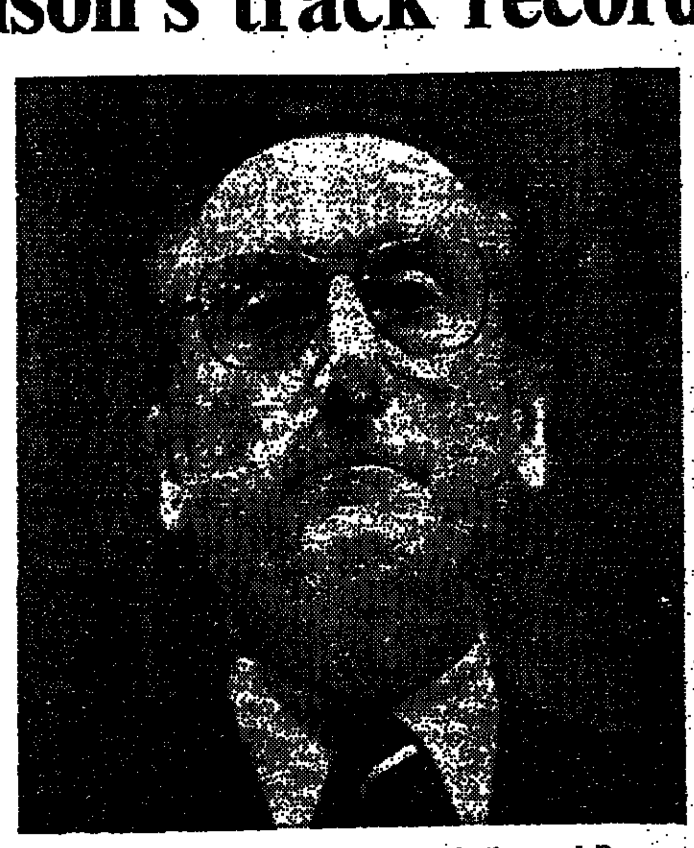
MR MICHAEL HESELTINE, the former Defence Secretary, yesterday firmly backed the Land Rover management buy-out plan for the company. He said in Birmingham that Land Rover could follow the same route as Jaguar which, "is blazing new trails in the private sector."

Mr Heseltine said: "It seems to me that the management buy-out proposals should be accepted. The uncertainty must be ended. There can be no case for further delay."

Yesterday too, Mr Paul Channon, the Trade and Industry Secretary, paid a flying visit to the Staffordshire plant of JCB, the excavator manufacturer, which this week launched another takeover bid for Land Rover.

Martin Dickson on the factors that determined the outcome of the battle for Imps

Hanson's track record wins the day



Lord Hanson: was available to institutions and Press

IMPERIAL
Turnover £4.92m (to 31-10-85)
Pre-tax profits £235.7m
Main interests:
TOBACCO AND CONFECTIONERY: Players and Embassy cigarettes, Golden Virginia and St Bruno tobacco, Famous Names liqueurs.
FOODS: Ross frozen foods, Young's Seafoods, Golden Wonder crisps, HP and Daddies sources.
BREWING: Courage beers and pubs, John Smith's beers, Harp lager.
RESTAURANTS, HOTELS, SHOPS: Anchor Hotels, Harvester Steak Houses, Happy Eater resturants, Finlays newsagents.

HANSON TRUST
Turnover £2.67bn (to 30-9-85)
Pre-tax profits £252.8m
Main interests:
UK RETAILING: Allders (formerly UDS): department stores, duty free shops, shoe shops.
UK MANUFACTURING: Batteries (Ever Ready), bricks (London Brick Butterley Building Materials), engineering (automotive equipment, meters, brewing equipment, industrial rubber control equipment).
US INTERESTS: Fabric and yarn manufacturing, footwear manufacturing, food products, building products, furniture, lighting, miscellaneous industrial products, typewriter manufacturing, chemicals.

HOW did Lord Hanson do it? What were the essential ingredients which last night handed this master of the art of the takeover victory in Britain's biggest ever bid battle?

The short if rather glib answer is that Hanson Trust won the battle for Imperial Group by being Hanson Trust: it is an industrial conglomerate with a formidable reputation in the City of London for turning problem companies round, and the indications last night were that this track record had played a critical role in swinging the battle in its favour.

That conclusion, however, is to over-simplify what was a close-run campaign, with United Biscuits and Imperial putting up a strong fight in support of their proposed merger.

City fund managers contacted yesterday gave a range of different reasons for casting their shares one way or the other, but several said that it had been a difficult choice, made after lengthy debate. "Hanson and United are both good companies," said one manager who finally went Hanson's way. "It really was a 51 per cent to 49 per cent decision."

Hanson lost the last takeover battle it fought in Britain, the £170m bid for Powell Duffryn, the materail handlings group, just over a year ago. Factors in that defeat, its first for four years, included a spirited defence campaign and unfavourable movements in relative share prices. But Hanson was also widely criticised for adopting an aloof take-it or leave-it attitude to investors.

In the battle for Imperial, it displayed a very different approach from the start. Lord Hanson, tall, charming and immaculately dressed, was readily available to talk to institutional investors and the press. So too was Sir Gordon White, his long-time business partner and head of Hanson's large US empire.

Hanson employed a second merchant bank, J. Henry Schroder Wagg, to help organise strategy in conjunction with its normal house, N. M. Rothschild.

One of the City's leading public relations companies, Dewe Rogerson, also joined the team. The message was clear: Hanson was hungry for a victory and leaving nothing to chance.

However, unlike United and Imperial, it resorted relatively sparingly to newspaper advertising as a means of getting its message across—a policy which may have paid dividends.

City institutions had become concerned about the amount of money being spent on newspaper advertisements in takeover bids generally and the practice has recently been subjected to tight controls by the Takeover Panel. Imperial's advertisements attacking Hanson seem to have cut little ice in the City, and if anything backfired.

From the start it was clear that two issues would dominate the battle: the relative values of the two offers, which in turn depended on the strength of the Hanson and United share prices; and the question of which company would manager Imperial's assets better.

When United and Hanson launched what were to prove their final offers on the same day — February 17 — United initially held the edge on price. The shares of both companies were then swept forward in the great push of the bull market, but Hanson's share prise rose particularly strongly relative to United's, giving its offer the edge.

Factors behind this appear to have included growing enthusiasm among analysts for Hanson's acquisition of SCM, the $920m (£623.73m) US typewriter to chemicals group taken over in January after a bitter fight in the US courts. Nor was Hanson's price hurt by well-timed announcements that its shares were to be listed in New York and Switzerland.

However, by the last week of the battle, prices offered by the two sides were virtually level and it was clear that the issue was likely to be settled on management grounds.

The arguments put forward by the rival camps could not have been more different. Hanson said essentially that it should be judged on its record in making assets sweat and that the takeover of Imperial by United—a much smaller company, would be a risky venture.

United replied that its offer contained an industrial logic lacking in the Hanson bid. A combination of its food businesses with those of Imperial could produce great savings and organic growth, while Imperial's strong cash flow from tobacco would help the merged group develop as a British force in the international branded foods business, taking on American giants like Nabisco.

There were two target audiences for these messages. First, small investors, who traditionally vote their shares the way the management tells them. Originally they held about 25 to 30 per cent of Imperial's equity, though by the end about half of this had probably been sold in the market.

Apart from the normal campaign literature, Imperial made extensive use of "cold calling," whereby a senior company executive would ring up a shareholder out of the blue and solicit his support.

However, as the campaign progressed, it became clear that, barring an extremely close finish, the outcome would be decided by the City institutions. Both sides, as is normal in takeover battles, took roadshows around the fund managers to put their case in person.

Sir Hector Laing, the chairman of United Biscuits, toured many fund managers twice—early in the campaign and in the final fortnight. Some institutions were critical of his initial presentation, arguing that it was pitched too simplistically, but by the end, said one fund manager, both sides had impressed that "they knew what they were about."

So how to decide between them? Some institutions said yesterday that Sir Hector had made a very strong case for long term synergy between the two groups, though some were critical: one described some of his remarks as "jingoistic tub-thumping," while another argued that Imperial, with its high dependence on the UK, was the wrong target.

Whatever their reactions to United's global ambitions, many fund managers said the factor that had finally clinched a difficult decision was the belief that Hanson would do more with Imperial's assets in the short to medium term." But," said one, "it was not an easy decision. Sir Hector may have lost, but it was an honourable defeat."

IPA criticises standards authority over advertisements stance

THE INSTITUTE of Practitioners in Advertising, which represents nearly 300 of the largest advertising agencies, yesterday criticised the Advertising Standards Authority for having failed to take a strong enough stance on the quality of advertising of material about corporate takeover bids, Charles Batchelor writes.

"alarmed and disappointed" at the decision last month by the Takeover Panel, which oversees takeovers, to apply restrictions to what may appear in takeover advertisements. Responsibility for setting standards in this area shoul dlie with the authority, it added.

"The IPA believes that the ASA should, at an early stage, have concerned itself with the growing concerns expressed in respect of takeover advertising.

"At the very least, a policy statement should have been issued by the ASA in order to demonstrate the concern of the self-regulatory system for the maintenance of high standards in this very visable sector of advertising," the institute saidl.

It was worried that the failure o fthe authorities to act over takeover advirtetisements would undermine confidence in the latter's effectiveness.

Some of the recent takeover advertisements may have infringed the code of advertising practice, the institute believes.

The ASA said it had considered 11 complaints from the public about takeover advertisements in the last 18 months. None had been upheld.

"It may be that the code of advertising practice does not cover this situation. Maybe in that case, we should make it do so," said Mr Philip Circus for the IPA.

The institute intends to join the discussions which have begun between the Advertising Association, which represents agencies and their clients, and the Takeover Panel on takeover advertising.

The talks could refine the panel's new rules and produce industry guidelines to confirm the role of the authority as the proper overseer of takeover advertisements, the institute believes.

The panel's rules, which took effect on Monday, are intended to remove "knocking copy" from takeover advertisements. They permit only uncontroversial statements on the value of an offer or its closing date.

Privatisation watchdog 'necessary'

Financial Times Reporter

THE NUMBER of proposed privatised monopolies is so large that a public utilities commission is needed to control them, Mr Michael Montague, chairman of the National Consumer Council, said yesterday.

"Privatisation, once a theory, is now a reality and we want a body with teeth—even fangs—to protect the welfare of consumers as the list of proposed privatisations gets longer," Mr Montague told delegates of consumer organisations on the eve of the consumer congress in Newcastle upon Tyne.

"I do not begrudge British Telecom a massive profit if it benefits their primary source of funds—British telephone subscribers," he said. But he was critical of Ufgas, the regulatory body to oversee British Gas after its sell-off.

Lloyd's considers action after two-year inquiry

BY JOHN MOORE, CITY CORRESPONDENT

THE investigations committee of the Lloyd's insurance market is studying the findings of a two-year-old inquiry into the affairs of underwriting agent Bellew Parry & Raven.

The investigations committee is seeking legal advice on what, if any, charges to bring against executives of the underwriting agency under Lloyd's disciplinary proceedings.

In 1984, Lloyd's appointed Sir Edward Singleton, a former president of the Law Society, to carry out a wide-ranging investigation into the group, which is responsible for the affairs of 540 members of Lloyd's and provides underwriting services for a further 450 members.

The investigation arose from an earlier inquiry into the affairs of Brooks & Dooley Underwriting Agency and the links that two executives of the agency had with a company in Bermuda, the Fidentia Marine Insurance Company.

Sir Edward was asked to examine the flow of funds between 18 Lloyd's insurance syndicates under the management of Bellew, Parry & Raven Group with companies which either are or have been under the control of Mr Arthur Henry Bertram Grattan-Bellew, Mr John Raymond Parry and Mr Frederick Charles Raven, who are directors of the agency company.

This week, Mr Brian Sedgemore, the Labour MP for Hackney South and Shoreditch, in an early day motion in Parliament urged Lloyd's to take action in the matter.

Information technology panel wound up

Financial Times Reporter

THE GOVERNMENT has decided to abolish the committee of electronics industry experts set up in 1981 to advise the Prime Minister on policy towards information technology.

The responsibilities of the committee, the Information Technology Advisory Panel will be transferred to the Advisory Council for Applied Research and Development, which advises Downing Street on scientific and technical affairs.

"The evolution of IT now means advice in this area should be more closely integrated with other sectors of the economy," Downing Street said.

No decision had been taken on whether members of the panel, chaired by Mr Charles Read, a former senior Post Office official, would take part in Acard meetings.

Westpac stakes gold market claim

David Lascelles on the sale of JMB to an Australian bank

SHORTLY before lunch yesterday, two men emerged from Westpac's building in Cannon Street in the City and popped round the corner to N. M. Rothschild, the merchant bank. They were Mr David Murison, executive chairman of the London board of Australia's largest bank, and Mr Warren Magi, head of Wase-Westpac, its bullion subsidiary.

They had gone to greet their new colleagues in the London gold market, which they are joining by buying Johnson Matthey Bankers, the bullion bank rescued by the Bank of England 18 months ago. And the welcome, by all accounts, was warm.

Westpac, better known to many under its old name—the Bank of New South Wales—has become one of the exclusive band of five bullion houses which arrange the London daily gold price fixing. The others are Rothschild, Samuel Montagu (which is owned by the Midland Bank), Sharps Pixley (owned by Kleinwort Benson) and Mocatta & Goldsmid. The last one belongs to the Standard Chartered Bank, now under takeover threat from Lloyds Bank, so Rothschild could be organising another little welcome ceremony before long.

The announcement that Westpac had won the bidding for JMB came largely as a surprise in the City. Most people had expected to see one of the US banks, but apparently they dropped out because of JMB's potentially embarrassing connection with South Africa through the gold market.) Westpac's name has been little mentioned and the bank itself is still viewed by some as an Ozzie outpost rather than a serious contender on the world banking scene.

However, Westpac has changed. The Sydney-based bank now has ambitions to build "a big engine in London and another in the US and another on the Pacific rim," according to Mr Murchison, who joined the bank from Schroders. Westpac is not a name invented by an Australian beer exporter, but a contraction of Western Pacific.

A lot of its business comes from non-Australian customers already and the recent popularity of the Australian dollar in international capital markets has helped its win corporate clients.

Overseas expansion by Westpac is part of the phenomenon that is also driving Australian entrepreneurs like Bonds, Holmes à Court and Murdoch abroad in quest of new business.

In Westpac's case, the recent de-regulation of the Australian financial markets was another reason to break *out and join* the big league.

Westpac's interest in gold has partly to do with Australia's place among the world's half dozen largest producers of the metal. The bank is one of the largest mining financiers and has close links with the gold industry. It went into bullion in 1983 by buying 75 per cent of Mase—a dealing house set up in 1981 by Mr Magi and a colleague.

Mr Magi, a lean and tanned merchant banker, now has ambitions to build up a round-the-clock gold business using JMB's London, New York and Far East offices hoping to make it, if he can, one of the largest in the world.

"Every soldier carries a Field Marshal's baton in his knapsack," he said yesterday. With gold in the doldrums, he does not expect to make most of his money from spot trading, but by providing such services to gold producers and users as marketing, hedging, financing and vaulting.

Westpac has been careful not to buy any trouble with JMB. It has picked just the good bits. The bad loans and the legal actions remain with the Bank of England, its reluctant rescuer.

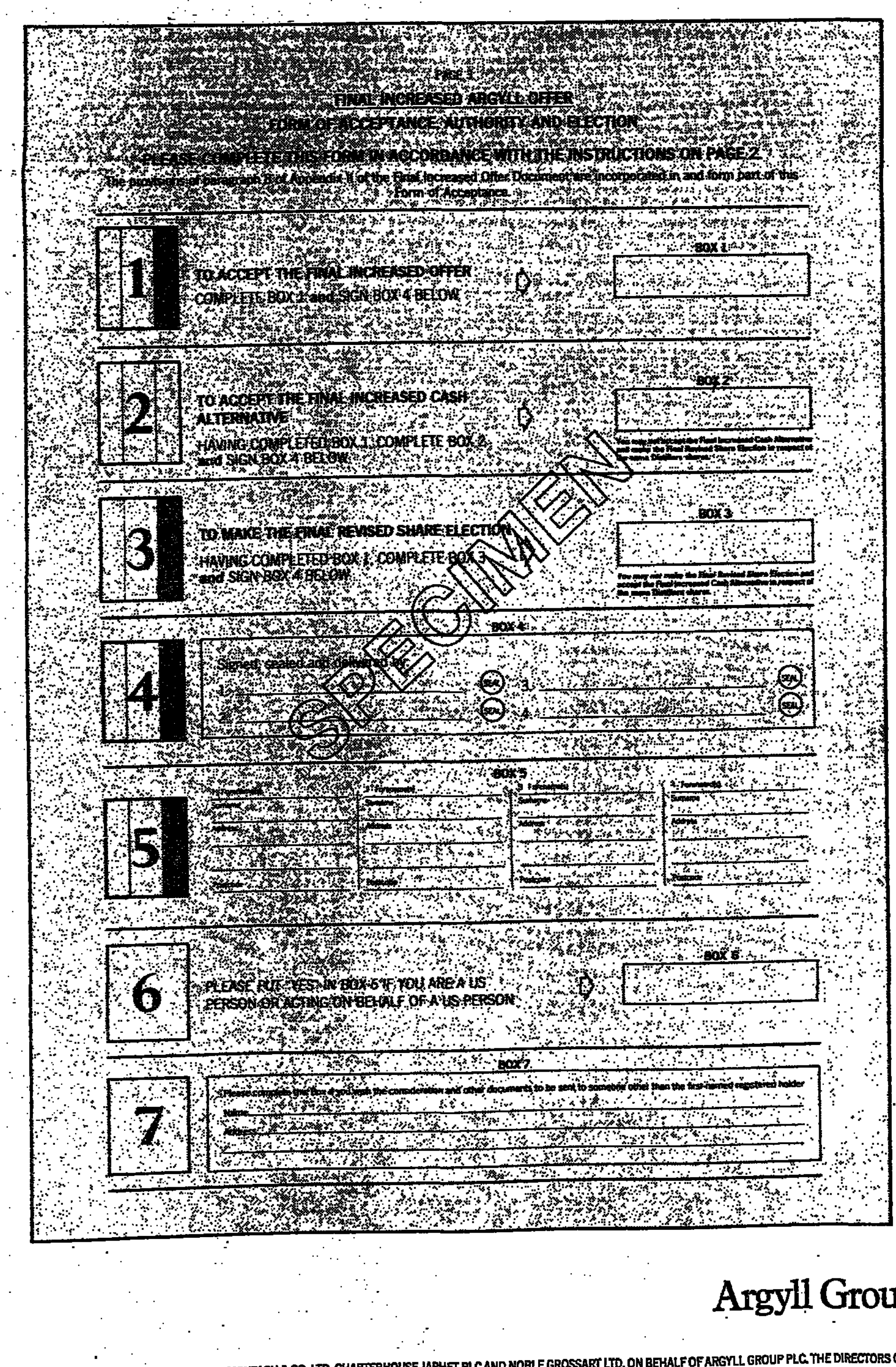
The bank had hoped to sell JMB in one piece. But that quickly became impractical so the decision was taken last Christmas to split it up even though that meant that no one could benefit from JMB's huge tax losses of over £100m. Mr David Walker, the Bank official who was made chairman of JMB, maintained that the sale should not be "tax driven."

However, though the sale closes a chapter in the sorry saga of JMB, it is not the end of the story. The Bank still stands to lose up to £25m on JMB's bad loans, even though it expects to recoup its £100m investment in the bank. This loss will be borne by the Bank itself rather than the Exchequer, but that distinction may be too fine for politicians who have denounced the JMB rescue as a waste of public money.

And even though allegations of wrongdoing at JMB and the Bank since the rescue have been followed up and dismissed, police are still investigating the possibility of fraud at the bank before the crisis broke in September 1984. So the possibility of even more embarrassing allegations still remains.

مطابقة للاصل

The Argyll Offer is open until 3p.m. on Wednesday, April 16th.*



1. The Argyll Offer values Distillers' shares at 760p – 50p more than their market value.

2. Study the easy-to-follow instructions on your Acceptance Form and fill it in. If you do not have an Acceptance Form or are in any doubt as to the procedure for acceptance, please telephone the Argyll Helpline in Edinburgh on (031) 556 7761 or (031) 558 1252.

3. Return your Acceptance Form together with your share certificate(s) and/or other document(s) of title to The Royal Bank of Scotland plc, Registrar's Department, PO Box 86, 34 Fettes Row, Edinburgh EH3 6UU or The Royal Bank of Scotland plc, Registrar's Department, 16 Old Broad Street, London EC2N 1DL as soon as possible. In any event the form should not arrive later than 3.00pm on Wednesday, April 16th, 1986.

4. If you have accepted the Guinness Offer and now wish to withdraw, complete and return your withdrawal form. Should you require assistance or a new form, call the Argyll Helpline for advice.

5. Remember. Your Acceptance Form should not arrive later than 3pm on Wednesday, April 16th.

*Argyll reserves the right to extend this offer until April 18th.

Argyll Group PLC.

BASE LENDING RATES

ABN Bank	11 %	Grindlays Bank	‡11 %
Allied Dunbar & Co.	11 %	■ Guinness Mahon	11 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
American Express Bk.	11 %	Heritable & Gen. Trust	11½%
Amro Bank	11 %	■ Hill Samuel	§11 %
Henry Ansbacher	11½%	C. Hoare & Co.	11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Johnson Matthey Bkrs.	11½%
Bank Hapoalim	11½%	Knowsley & Co. Ltd.	11½%
Bank Leumi (UK)	11 %	Lloyds Bank	11 %
Bank Credit & Comm.	11½%	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Meghraj & Sons Ltd.	11 %
Bank of Ireland	11 %	Midland Bank	11 %
Bank of India	11½%	■ Morgan Grenfell	11 %
Bank of Scotland	11 %	Mount Credit Corp Ltd	11 %
Banque Belge Ltd.	11 %	National Bk. of Kuwait	11 %
Barclays Bank	11 %	National Girobank	11 %
Beneficial Trust Ltd.	12½%	National Westminster	11 %
Brit. Bank of Mid. East	11 %	Northern Bank Ltd.	11 %
■ Brown Shipley	11 %	Norwich Gen. Trust	11 %
CL Bank Nederland	11 %	Peoples Trust	12 %
Canada Permanent	11 %	PK Finans. Intl. (UK)	12½%
Cayzer Ltd.	11 %	Provincial Trust Ltd.	12½%
Cedar Holdings	12 %	R. Raphael & Sons	11 %
■ Charterhouse Japhet	11 %	Roxburghe Guarantee	12 %
Citibank NA	11 %	Royal Bank of Scotland	11 %
Citibank Savings	¶11.95%	Royal Trust Co. Canada	11 %
City Merchants Bank	11 %	Standard Chartered	11 %
Clydesdale Bank	11 %	Trustee Savings Bank	11 %
C. E. Coates & Co. Ltd.	12½%	United Bank of Kuwait	11 %
Comm. Bk. N. East	11 %	United Mizrahi Bank	11 %
Consolidated Credits	11½%	Westpac Banking Corp.	11 %
Continental Trust Ltd.	11 %	Whiteway Laidlaw	11½%
Co-operative Bank	*11 %	Yorkshire Bank	11 %
The Cyprus Popular Bk	11 %		
Ducan Lawrie	11 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	11½%		
Financial & Gen. Sec.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11 %		
Robert Fraser & Ptrs.	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.03%. 1-month 7.38%. Top Tier— £25,000+ at 3 months notice 10.38%. At call when £10,000+ remains deposited
‡ Call deposits £1,000 and over 7½% gross.
¶ Mortgage base rate
§ Demand dep. 7.02%. Mortgage 12.25%.

UK NEWS

The cabinet has identified a potential election winner. **Michael Dixon** reports

Unanswered questions on education reform

JUDGING BY the excited buzz among Conservative MPs they are in little doubt that there is a sea change about to take place in education.

Now the Prime Minister and the Cabinet have identified education as a potential election-winner — or loser — their back-bench supporters evidently believe only two questions remain to be decided. The first is which kind of radical reform Mrs Margaret Thatcher will choose to make.

The kind being canvassed by wetter Conservatives is centralisation of control of schools, polytechnics and colleges run by local education authorities, although not of universities.

The alternative preferred by right-wingers is to privatise the control by issuing parents or older students with vouchers to be "cashed" at the school, or at another institution of their choice.

The second question to be decided is said to be whether to implement quickly — perhaps as soon as the autumn — or reserve its vote-winning power as a pledge in the Tories' manifesto at the next general election.

While people who view education from the outside are excited by the prospect of change, those within the State-funded service are sceptical, to say the least. Not for nothing has education been likened to a super-tanker with a rubber tiller—just about possible to steer but incapable of sudden shifts in direction.

That metaphor is too simple. The reality is more like an armada of vessels, ranging from stately to ramshackle.

Few, if any, are under one captain or even one admiral. The detailed courses they pursue are ultimately decided by individual crews, whose mood has recently bordered on the mutinous.

Little direct power to make anything happen in publicly-funded education is held by central government through the Education Secretary. Although the Treasury, and not local rates, provides much of the £15bn a year consumed by the service, the decisions on how to spend almost all of the money are made away from the centre.

The universities are cushioned against ministerial interference by the University Grants Committee, which takes the sums provided by government for universities as a whole and distributes them among the institutions.

Schools, polytechnics and further education colleges have less autonomy. They are organised in groups under what might better be called the broad supervision, than the firm control, by the local authorities of particular areas.

Any Cabinet that wants to impose change at national level has to contend with more than 100 locally elected councils which, ruled by whatever party, are jealous of their powers. Their political resistance is almost certainly a deterrent to sweeping centralisation, as

Sir Keith Joseph: Facing the force of the unions

much as it is to privatisation through vouchers or any other medium.

The strength of local councils explains why the national network of educational institutions is officially described as "a national system, locally administered." But there is a further complexity.

While every local authority theoretically manages the schools and so on in its area, in practice it can hardly act on its own. If it did, it would be liable to come up against the teachers' unions, which are organised nationally.

The dispute over teachers' pay has shown the ability of the biggest unions—such as the National Union of Teachers and the National Association of Schoolmasters cum Union of Women Teachers — to resist the theoretical managements of education, even when central government and local committees largely agree.

The main unions' present hold the key to effective power. They cannot initiate without the approval of the Education Secretary, but they can prevent new things happening, apparently regardless of how much Westminster and Whitehall may desire changes.

The main union's present threat, to block the introduction of a 16-plus examination system in England and Wales, may be a test case of how far the unions' negative power extends. If their members refuse to teach the new syllabuses, the courts may decide they are breaking their contracts.

But, if past experience is any guide — and as Sir Keith Joseph, the Education Secretary, in effect admitted last week — the unions will be able to find ways to delay this change without infringing the law.

Sir Keith's recognition of the union's blocking force explains the strategy he has adopted so far in seeking to alter fundamentally the direction of the education service. His aim is a negotiated reduction of the unions' power to maintain the status quo even at the expense of a dwindling supply of public money.

He particularly wants an agreement between unions and the local authorities to define teachers' duties so closely that they could not disrupt schools without staging strikes. He also wants to end the convention by which teachers are paid according to qualification and length of experience, regardless of the subjects they teach.

The convention prevents education from offering higher pay to attract into teaching specialists in mathematics, sciences and technology, design and crafts, whose ranks are dwindling in the schools.

By resisting teachers' protest action over the past year, Sir Keith has got most of the unions together with the local authorities at the negotiating table, under mediation of the Advisory, Conciliation and Arbitration Service.

The deadline accepted for agreement is the end of July. It is the shape of that agreement—more than any ideas for setting up centrally funded Crown Schools or voucher schemes—which will determine not just whether large-scale change is to happen but, if so, how.

If the agreement includes the provisions Sir Keith wants the shifts in direction he has been planning for the past four years will be able to start with the structure of the service much as it is now. If, however, those provisions are not agreed, the Government will have to decide whether to impose the changes in teachers' job conditions by legislation.

Minister tours Army units in N. Ireland

By Hugh Carnegy in Belfast

MR GEORGE YOUNGER made his first visit to Northern Ireland yesterday since becoming Defence Minister and said extra troops were ready to reinforce the Royal Ulster Constabulary, but only if requested by the police.

As he spent a night in the province and made a helicopter tour of Army units in South Armagh and elsewhere, pressure on the RUC by loyalists opposed to the Anglo-Irish agreement continued. Mr Alan Wright, chairman of the Northern Ireland Police Federation, said morale among his members was very low as a result of the campaign of intimidation.

Mr Younger praised what he called the remarkable loyalty and professionalism shown by the RUC in the face of recent attacks, which now total about 170. He foresaw difficulties ahead during the summer Protestant "marching season" but was sure the security forces and police could cope.

"We stand ready to reinforce whenever we are asked to. We have supplied two extra battalions that we were asked to. We haven't been asked for any more but if we are we will respond," he said.

He gave no indication that the RUC, which has led the security effort in the province since a policy of "police primacy" was adopted in 1977, would be pulled back in the face of attacks by loyalists.

A former RUC officer in Lisburn with five sons in the security forces became the latest to be forced out of his home after a petrol bomb incident in more attacks on Thursday night. A number of buses were damaged in a fire at a Belfast depot and a Roman Catholic church was attacked by arsonists.

Mr Wright, who has clashed before with Sir John Hermon, the RUC chief constable, over his public expressions of doubt about the position the RUC has been thrust into following the Anglo-Irish agreement, suggested that Sir John stay out of meetings of the inter-governmental conference to dampen perceptions he was under the political control of Dublin.

London Wall offices plan

MEPC is to apply to the Corporation of the City of London for planning permission to demolish Lee House on London Wall and replace it with a building spanning London Wall.

The office development, to be *known as Alban Gate, will consist* of large, modern office areas grouped round three atriums.

The application also seeks to upgrade the existing exposed walkway and podium levels by *incorporating* them in a covered environment with new shops and restaurants, together with a new Barbican tourist and information office. Proposals are also included to improve and enhance Monkwell Square with new housing and landscaping together with a new livery hall.

SE firms test electronic data systems

BY ALAN CANE

THE FIRST of the electronic systems which will link the deregulated Stock Exchange to its members after the Big Bang this October are undergoing "live" testing.

Buckmaster & Moore, part of the Credit Suisse organisation, is the first stockbroker to have established a direct link between its own computer and the Stock Exchange Automated Quotations Systems (Seaq) which will be the principal source of price and market volume information to broker/dealers after Big Bang.

Market makers and broker/*dealers can use the Stock* Exchange's Seaq terminals to receive the service. The importance of a direct link between Seaq and a firm's own computer, however, is that the firm can manipulate the data and add information from other sources to create "tailor made" dealing screens and *so* gain a competitive advantage.

Buckmaster & Moore is testing the Seaq link for about an hour each day, checking signing off and signing on procedures, trade reporting and opening, updating and closing quotes.

Meanwhile, a consortium of major stockbrokers this week installed the first phase of an automated trading system, ahead of schedule.

The members of the *consortium, County Bank, Cazenove,* Kleinwort Grieveson, James Capel and Barclays de Zoete Wedd, are using the system for training. The core of the system is common to all the brokers. Each is customising it to its particular needs.

The system, called Colt, is US in origin but has been converted for use in the UK by Software Sciences, a division of Thorn EMI.

It automates a trader's dealing book and keeps his and the firm's position in real time with continuous revaluation of average prices, current valuation at best market prices and profit and loss.

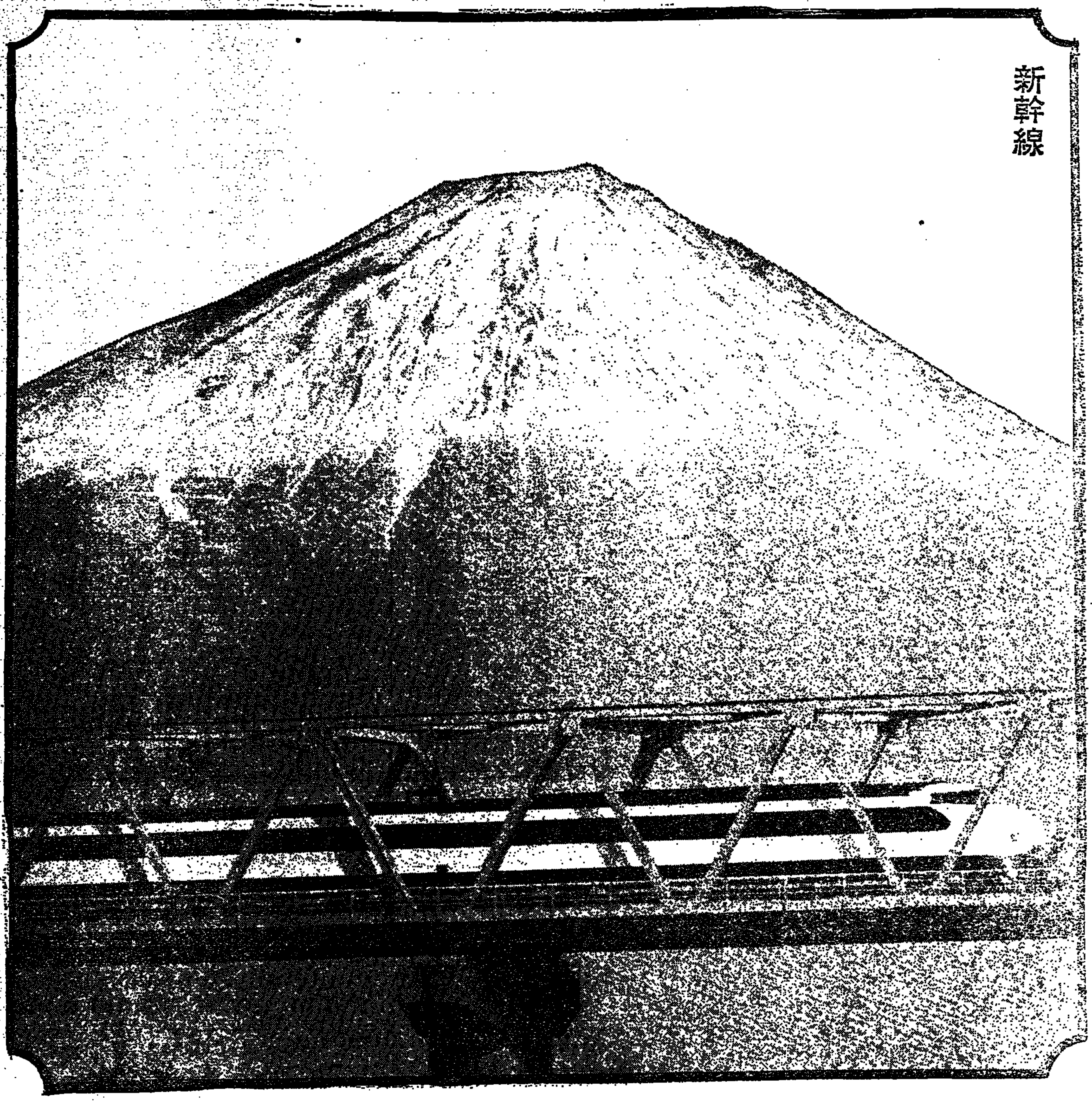
The release of Colt, now being tested by the consortium, does not include an automated link to Seaq or to a firm's own trading records and accounting systems.

These features are expected to be included in the second phase of the project due for release in July.

The Stock Exchange and the members involved are clearly pleased with progress, although none of them is complacent about the problems ahead. Mr Keith Singer of Buckmaster & Moore said he was happy with the speed of the system now, but hoped it would be as fast when 30 or 40 market makers were using it simultaneously.

Trading packages like Colt are being seen as an increasingly attractive proposition as the October 27 deadline approaches.

One likely taker is the international stockbroker Savory Millin, which has no automated trading system.



Yet another excuse for a quick Guinness.

As the world-famous Bullet train hurtles between Tokyo and Osaka it carries an equally world-famous passenger.

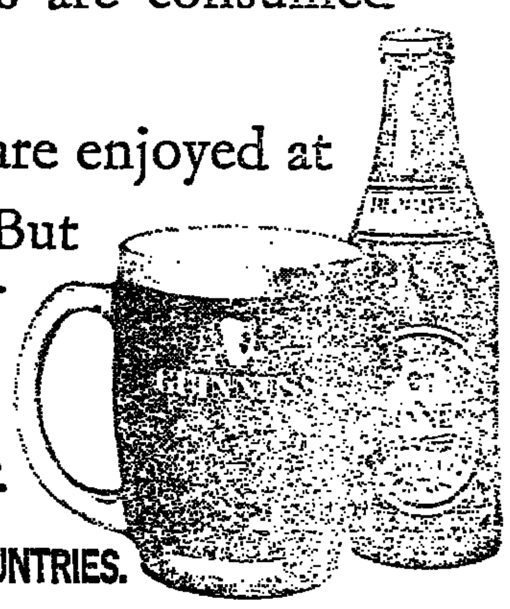
Guinness, the only British beer to be served on these illustrious trains.

A singular honour indeed, as anyone knows who's tried to do business in Japan..

Even when you're selling one of the world's great beers.

We've shown the same unique genius in selling Guinness in over 140 countries. So that seven million glasses are consumed daily across five continents.

Not all those glasses are enjoyed at 250 kilometres per hour. But you've got to be quick off the mark when you sell the world's most distinctive beer.



GUINNESS. THE MOST DISTINCTIVE BEER IN THE WORLD. FOUND AT THE VERY BEST PLACES IN OVER 140 COUNTRIES.

New Heathrow terminal starts work today

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE NEW £200m Terminal Four at Heathrow Airport, London, is to become fully operational this morning.

All British Airways long-haul flights, and its services to Paris and Amsterdam, will use the terminal, as will all flights by the Dutch airlines KLM and NLM, and Air Malta.

BA's other short-haul international and domestic flights still go from Terminal One in the central area.

Other changes as of today include Sabena, the Belgian airline, moving from Terminal Three, to Terminal One.

A £23m underground rail link from Hatton Cross to Terminal Four also starts today. Tube trains will run through Hatton Cross, via Terminal Four, to Heathrow Central and then back directly to Hatton Cross and Central London.

BA having vacated Terminal Three in the central area, part of that terminal will be closed for a £70m modernisation and extension to last for up to three years.

BA, during what it called Operation Overnight, used nearly 1,000 vehicles last night in shifting to Terminal Four—including trucks for catering, baggage and starting engines. Staff worked through the night to prepare for the first flights today.

The southside runway was closed after the last BA flight had left Terminal Three to enable the vehicles to cross the airport safely.

The first BA flight into the new terminal, due at 5.45 am, is a Jumbo from Dhaka. In the next 45 minutes five more BA Jumbos will pour about 2,000 passengers into the terminal.

The first BA flight from it will go to Paris at 6.40 am.

● The new terminal, with built-in anti-terrorist measures, is as secure against attack as it can possibly be, Mr Michael Spicer, Aviation Minister, said yesterday.

He had a look at the measures, which include total separation of departing and arriving passengers, more closed-circuit television, descending fire screens and modern surveillance equipment.

"This terminal has all the modern features you can imagine. But a lot depends on how the people themselves are working and where they are placed. I am very happy with what I've seen," the minister said.

"British airports and British airlines have a tremendous record for security and we mean to maintain that."

Mr Spicer rejected the suggestion that American tourists had been put off by the sight of heavily armed police.

Peter Riddell interprets the Fulham poll result

Labour's by-election victory puts pressure on Alliance

In jubilant mood: Neil Kinnock, Labour leader, and new MP Nick Raynsford

"IT WAS about time we had some luck after the last few years," one member of Labour's shadow cabinet said yesterday after Mr Nick Raynsford had won the Fulham by-election.

The result is indisputably very good for Labour. Not only is it only the second time in 15 years that Labour has gained a seat from the Conservatives at a by-election, but it is also the socialists' best performance in relation to their share of the vote since the 1983 general election (see table).

For the SDP/Liberal Alliance, in third place with hardly any improvement on the 1983 elections figures, the result is the worst in the parliament and a setback for a group which requires success to maintain its electoral momentum.

Paradoxically, it is not all gloom for the Tories, in spite of losing the seat and nearly a quarter of their 1983 share of the vote. The result is not far out of line with the average for this parliament, while the re-emergence of Labour, rather than the Alliance, may pull wavering supporters back to the Tory fold. And there is plenty of time for the Conservatives to recover from the usual mid-term slump, as Mr Norman Tebbit, the Conservative party chairman, pointed out yesterday.

Yet not too much should be read into one by-election result. Britain now has a three-party system which generally manifests itself in a series of two party contests — Tory versus Alliance, in rural and southern England outside London and Labour versus Tory, and only occasionally the Alliance, in the larger cities and industrial areas of the North and Midlands.

Fulham falls into the latter category while the two outstanding by-elections in Ryedale, North Yorkshire, and in West Derbyshire may turn into an Alliance versus Tory race.

Hence, Labour's triumph at Fulham may be followed by a Liberal/Alliance success in one of the other two seats.

It may be better to look at a broader picture based on the next two by-elections, the local elections on May 8 and the recent opinion polls, as well as Fulham.

For instance, the Alliance yesterday was quick to point to net gains of four seats in local by-elections on Thursday.

The overall implication is that, while Labour may win many of its target seats in London, the North and the Midlands, the Alliance could simultaneously gain constituencies from the Tories.

However, on the basis of the Fulham figures, Labour might just win a Commons majority at a general election. Party leaders understandably regard even this projection as a relief, after the battles for survival since 1979.

Fulham is a necessary but not a sufficient condition for a Labour victory and the party has to show it can win seats in the new towns of the Home Counties.

The main immediate effect of Fulham is likely to be on Labour Party morale and on its credibility in the run-up to the next batch of elections.

Labour can point out that its win in Fulham was achieved on a general election turnout of 70.1 per cent of voters and therefore is a fair guide to opinion.

The main reason for the success is that Labour had a first-class candidate in Mr Raynsford, a housing campaigner, and had one of the most professional election organisations in living memory.

In particular, Mr Raynsford plausibly projected an image of the traditional-moderate Labour Party backing leader Mr Neil Kinnock.

The campaign survived the row of a fortnight ago over the temporary failure to expel Militant leaders. The hard-left were not to be seen in Fulham, and Mr Kinnock could talk yesterday about the pre-1983 wounds being healed. Indeed Mr Tebbit was yesterday gleefully talking about the revival of the traditional Labour Party in an attempt to hit the Alliance.

However, Labour was lucky. There are few other winnable seats in inner London where the local party is not heavily influenced by the hard-left and which would have picked someone like Mr Raynsford. Also, Labour was able to make an issue out of the Conservative/Alliance control of the local council.

The outcome can also be explained by the social polarisation of the constituency between a sizeable number of traditional Labour supporters, particularly pensioners in council housing, and a core of well-off established Tory voters who have done well out of Thatcherism.

Labour's strength and this social background was always going to make it difficult for the Alliance—Fulham being 562nd on its list of winnable seats. Nevertheless, the SDP fought a vigorous campaign using direct mail aimed at target groups of potential supporters and had an experienced and shrewd candidate in Mr Roger Liddle.

There will no doubt be lengthy post-mortems but the fairest verdict may be that Fulham was not the right place to fight such a battle, even though the SDP had no choice but to do so.

The Tories put up a better showing than in some other recent by-elections, and Mr Matthew Carrington should have earned himself a better seat elsewhere if he wants it.

It is important for both the Tories and, particularly, the Alliance, to achieve success in the next two by-elections, possibly to be fought on local election day on May 8. The Alliance has to win at least one to avoid the danger of being squeezed, as it clearly was in the last few days by the Tories and Labour in Fulham.

Any by-election is a snapshot. While Fulham put Labour in the best possible light, it is necessary to wait for the later elections to obtain a full picture.

John Wyles adds: Mr David Steel, Liberal leader, said at the annual congress of the European Liberals and Democrats, in Sicily, that Fulham had been a Labour seat during past Conservative governments, notably between 1970 and 1974. "A Labour victory here, therefore, does not automatically translate to a Labour Government."

BY-ELECTION TRENDS
(% change in share of vote since 1983)

	Con	Lab	Alliance
Penrith	−12.9	− 5.9	+16.7
Chesterfield	−17.2	− 1.6	+17.2
Cynon Valley	− 6.8	+ 2.8	+ 1.8
Stafford	−10.8	+ 3.7	+ 7.1
Surrey SW	−10.4	− 1.5	+11.3
Portsmouth S	−15.7	+ 5.9	+12.2
Southgate	− 8.5	− 5.9	+12.2
Brecon and Radnor	−20.5	+ 9.4	+11.4
Tyne Bridge	−14.1	+ 1.4	+11.4
Fulham	−11.2	+10.4	+ 0.5

Disabilities bill clears Commons

BY TOM LYNCH

THE PRIVATE Members' Bill to improve care within the community for the physically and mentally disabled and the mentally ill completed its Commons stages yesterday after a series of compromises between its sponsors and the Government.

The Disabled Persons (Services Consultation and Representation) Bill, introduced by Mr Tom Clarke, Labour MP for Monklands West, seeks to help patients return to the community, provide them with the right to representation in dealings with councils and health authorities and to help those caring for them.

Mr Barney Hayhoe, Health Minister, accepted during yesterday's report stage debate compromise proposals from Mr Clarke on provision for people discharged from hospital and those leaving special schools.

Compromise government proposals on the assessment of the needs of disabled people, patients' rights to representation, and the assessment of the ability of carers were accepted by Mr Clarke and Mr Alf Morris, from the Opposition front bench.

In accepting Mr Clarke's compromise proposals, Mr Hayhoe made clear that the Government would continue consultation and might wish to alter the bill further during its passage through the Lords.

The Government also removed from the bill a clause imposing extra duties on local authority planners to take account of the needs of the disabled.

The bill was welcomed by MPs of all parties, although some Tory backbenchers expressed reservations about its cost implications.

Moving the third reading of the bill, Mr Clarke warned the Treasury not to try to block its implementation on cost grounds.

"The Treasury ought to remember that it is responsible to this House and not the reverse. This House has established priorities for disabled people and their families."

Mr Hayhoe said commencement orders for those provisions with significant cost implications would be made when resources became available. He said the bill was a worthy achievement for Mr Clarke.

The bill completed its report stage and was given an unopposed third reading.

ECONOMIC DIARY

TOMORROW: Department for National Savings' monthly progress report (March).

MONDAY: Producer price index numbers (March). FT Conferences hold "The fourth manufacturing automation forum" at the Hotel Inter-Continental, W1 (until April 15). European Parliament in session in Strasbourg (until April 18). Sir Keith Joseph, Education Secretary, at Industrial Society conference on Education Bill. Acas panel meets on teachers' pay. Standard Chartered Bank annual report.

TUESDAY: Deadline for BL sell-off bids. Opec ministers meet in Geneva. Disarmament conference resumes in Stockholm.

WEDNESDAY: Public sector borrowing requirement (March). Labour market statistics: unemployment and unfilled vacancies (March provisional); average earnings indices (February provisional), employment, hours, productivity and unit wage costs; industrial disputes.

THURSDAY: Index of output of the production industries (February). London sterling certificates of deposit (March). UK banks' assets and liabilities and the money stock (mid-March). EEC Development Council meets in Luxembourg. OECD annual meeting in Paris. Prison officers strike ballot. Mr Bob Hawke, Australian Prime Minister, meets President Reagan in Washington.

FRIDAY: Cyclical indicators for the UK economy (March). Tax and price index (March). Retail price index (March). Labour Party National Executive considers standing orders moves against Militant. Fianna Fail conference in Dublin (until April 20).

Infrastructure body urged

Financial Times Reporter

BRITAIN needs a national organisation to decide how much money should be spent on roads, sewers and other infrastructure, Mr James Stevenson, vice president of the Federation of Civil Engineering Contractors, said last night.

He was speaking at the annual dinner of the federation's Yorkshire section at Harrogate. Governments appeared to become confused when they had to decide what was really needed and the optimum allocation of resources, Mr Stevenson said.

"I believe the country needs a national, non-party-political, neutral body to pronounce on these matters of infrastructure need, on priorities in the national interest."

UK NEWS—LABOUR

Equity chief quits after vote on S. Africa

By Helen Hague, Labour Staff

THE PRESIDENT of the actors' union Equity resigned yesterday after the union announced it is to ban members from performing in South Africa.

The decision to issue a "boycott" instruction to the union's 32,000 members was taken after a referendum on the issue in which about 10 per cent of the union's members voted.

Mr Derek Bond resigned from his post as president after the referendum result—in which 1,946 members voted in favour of the ban and 1,374 against—was announced.

Mr Bond spoke out against apartheid when he performed to mixed audiences in South Africa last year. He champions the tactic of bridge building rather than cultural isolation in the fight against the regime.

He said on Radio Four last night that he would be prepared to mount a legal challenge against the union if his union card was removed should he accept a role in South Africa. He was not seeking to do so, however, and hoped it would not be necessary.

Announcing the referendum result in London, Mr Peter Plouviez, Equity's general secretary, said the union now had a "clear and straightforward" policy on South Africa in instructing members not to perform there.

Previous policy was simply to advise members not to accept work there.

He said he believed the instruction was lawful and the fact that it was being issued would influence members not to accept contracts in South Africa.

The ultimate sanction the union had against members who breached it would be expulsion, although fines, reprimands and suspension would be considered.

Prison officers say ballot points to disruptive action

BY DAVID BRINDLE, LABOUR STAFF

THE Prison Officers' Association has warned that disruption of penal establishments throughout England and Wales will be averted only if the Home Office agrees to re-open negotiations on the union's terms.

The warning came yesterday as the POA said all indications were that its ballot on industrial action, the full result of which would be announced next Thursday, had produced a high turnout and an overwhelming majority for disruptive sanctions.

The union would not say when any industrial action would begin. However, to comply with the ballot provisions of the Trade Union Act 1984, action must start within four weeks of the vote being held — in this case, by May 7.

Although the union has said it would not call strikes and an overtime ban was unlikely, refusal to admit new prisoners could fill police cells within three weeks and lead to the use of Army camps to hold inmates.

The main issue in the dispute is the POA's insistence on its right to negotiate staffing levels at national and local levels. The union is demanding "unfettered right to seek and reach agreement"; the Home Office is offering it only the right to "present its concerns" and to discuss and be consulted.

Mr Alan Taylor, a vice chairman of the POA, said yesterday: "If they want to speak to us, it will be on our form of words, not theirs."

According to the Home Office, the union is provoking a clash by attempting to control staffing levels to protect and build on existing high levels of overtime working.

It says overtime pay accounts for about 30 per cent of prison officers' average earnings of £15,000 a year.

The union, which denies trying to control staffing levels or interfere with management's right to take ultimate decisions, says it seeks to negotiate only on matters affecting the safety of its members.

Mr Phil Hornsby, POA assistant secretary, said: "The prison department will not agree to insertion of the word negotiation in any of the offers. How many other employers would do that?"

Mr Douglas Hurd, Home Secretary, has signalled the Government's backing for a firm Home Office line in the dispute. In a speech on Thursday night, he said there had to be change in "inflexible" working practices in the prison service.

Writ issued against ferry group

BY DAVID THOMAS, LABOUR STAFF

THE NATIONAL Union of Seamen yesterday issued a writ for damages against Townsend Thoresen for sailing one of its ferries from Felixstowe to Rotterdam with 21 striking British seamen on board.

The writ alleged unlawful arrest and detention and unlawful injury against one of its members. The company said was confident its actions had been proper.

The company added that it intended to finish repatriating the striging seamen, who had been occupying the vessel, early this morning.

The company explained its decision to sail to Rotterdam by the need to unload 67 trailers which had been on board since the dispute began five weeks ago.

The dispute is over manning levels on the ship and its outcome is relevant to three other Townsend Thoresen ferries.

Talks continued yesterday between the company and the union to try to resolve the dispute.

● Andrew Fisher writes: Skilled workers at Swan Hunter, the newly privatised Tyneside warship yard, yesterday voted to return to work on Monday on the recommendation of union officials. The 2,500 men walked out last Monday and were suspended without pay after operating an unofficial overtime ban in a dispute over pay and conditions.

Post Office seeks deal for managers

BY DAVID THOMAS, LABOUR STAFF

THE Post Office wants to take about 100 senior managers out of its collective bargaining system.

Under the plan, the managers, who are represented by the Society of Civil and Public Servants, would have individual contracts with pay rises depending on performance. The managers would be able, if they wished, to remain individual members of the union and be represented by it in disciplinary matters.

The Post Office said the move would bring pay determination for its top managers into line with industry.

The Communications Managers' Association, which represents Post Office middle managers, has opposed plans for the reorganisation of the Post Office.

Mr Bob Cowley, CMA general secretary, said he feared 1,000-2,000 jobs might be lost.

The Post Office said it could not be specific about how many jobs would go, but there would be no compulsory redundancies.

Unions' use of secret ballots grows

By Philip Bassett, Labour Editor

THE GROWING use by unions of secret ballots is reflected in sharp increases in the ballot overseeing activities of the Government's Certification Officer.

The annual report of the CO shows that last year 26 unions applied for public money for a total of 408 ballots, compared with 17 unions the previous year in relation to 30 ballots.

The report says much of the increase is accounted for by applications from two TUC unions, the AUEW engineering workers, which received £1.2m in public money, and the EETPU, the electricians' union, which received £168,443.

Total payments under the scheme amounted to £1.39m comprising £400,709 in stationery and printing costs, and £991,273 in postage.

The CO also received in the final quarter of last year 34 inquiries about union election procedures. Four inquiries related to two specific elections. The CO does not name them, but they were polls in the Transport and General Workers' Union and the National Union of Railwaymen.

The CO report is also the main statistical survey of trade union membership and finances, though the membership figures have been published previously by the Employment Department.

Unions' total gross income in 1984 was £394.7m, including membership income of £322.1m and investment income of £33.6m. Political fund income was £8.5m, with spending at £6m. Gross expenditure was £353.6m.

Gross assets amounted to £531.1m, including £144.1m in fixed assets and £225.2m in investments.

The average annual income per member was £36.64, including an average contribution of £29.90. Expenditure per member was £32.82.

The National Union of Mineworkers is not represented in the figures.

Annual Report 1985. CO, 15-17 Ormond Yard, Duke of York Street, London, SW1.

Tax inspectors say no to pay premium

BY DAVID BRINDLE, LABOUR STAFF

THE TREASURY has offered some tax inspectors a performance-related pay premium to try to stem the flow of staff from the Inland Revenue to the private sector.

The Association of Inspectors of Taxes has, however, rejected the offer—worth an extra £1,500 a year in London and £500 elsewhere—as inadequate and has questioned any performance-related criteria.

The offer is the latest in a series of special pay allowances proposed by the Treasury to deal with problems of recruitment, retention and motivation in the Civil Service.

An estimated 1 per cent of the increase in the overall pay bill this year is being set aside for such allowances.

The Treasury's proposal is separate from any recommendations which may emerge from an inquiry team set up by the Revenue to investigate a shortfall in the number of fully-trained tax inspectors.

According to the AIT, more than 90 fully-trained inspectors resigned last year—a 50 per cent rise on the total of 60 in 1984 and considerably above the previous annual high of 35. The union says poor pay levels was the reason in 75 per cent of cases.

The offer would apply to inspectors in the premium grade, about half of whom already receive a £1,000 annual allowance, and who have 5 years'-10 years' experience.

Mr Peter Stokes, AIT president, said the offer had been costed by the Treasury at about £800,000 a year extra on the pay bill.

"In my view this is a quite inadequate sum to deal with the problem of the continuing exodus of fully-trained inspectors from the department that is costing many millions in lost revenue."

Mr Stokes said that the "crude" differential favouring London would throw up countless anomalies and that the condition of "satisfactory performance" required much more clarification and discussion.

TGWU to invest £½m in left Sunday newspaper

BY OUR LABOUR STAFF

LEADERS of Britain's largest union, the Transport and General Workers, have decided to take a £550,000 shareholding in News on Sunday, the left-of-centre newspaper to be launched with union support later this year.

The TGWU's move is likely to pave the way for further investment commitments in the paper by other unions. This may have an impact on the viability of any labour paper produced at News International's old Gray's Inn Road plant should the print unions take up the company's offer of the plant as part of a settlement to their dispute.

News on Sunday yesterday welcomed the TGWU's decision in principle as a "massive boost" to the newspaper's prospects.

It expected other unions, pension funds and private investors to make up the paper's required £7m investment after its prospectus is issued in July.

● Mr Jake Ecclestone has retained his post as deputy general secretary of the National Union of Journalists. He polled 4,400 votes against 2,628 for Mr Mike Smith, the NUJ's national newspapers officer.

APPOINTMENTS

Expansion at Trafalgar House

In a move to facilitate planned expansion of its leisure and commercial shipping interests, TRAFALGAR HOUSE has revised and strengthened the management structure of its shipping, aviation and hotels division. The board of The Cunard Steam-Ship Co, holding company for the division's operating units, now comprises: Mr E. W. Parker, chairman (Trafalgar chief executive), Mr A. G. Kennedy, managing director, Mr W. B. Slater, non-executive director, Mr R. M. Bahna, president of Cunard Line, Mr A. J. Macintosh, director, and Mr B. M. Angers, finance director. As part of the reorganisation, Mr Kennedy becomes chairman of Cunard Line, Cunard Cargo and Cunard Hotels. Mr Slater was, until his retirement last year, a main board director of Trafalgar and former managing director of the group's cargo shipping interests. Mr Bahna is managing director of Cunard Line. Mr Macintosh is managing director of Cunard Cargo, of which Mr Kennedy now becomes chairman, responsible for cargo shipping and aviation. Mr Angers has been with Cunard since 1966 and was formerly finance director of its cargo shipping and aviation division.

★

Following the formation of the HOUSEHOLD MORTGAGE CORPORATION, Mr George Duncan, chairman of Lloyds Bowmaker, has been appointed non-executive chairman and Mr Duncan Young appointed managing director and chief executive. Mr John Barkshire, chairman and chief executive of Mercantile House Holdings, and Mr David Craig, managing director of International Financial Markets Trading, have joined the board as non-executive directors. The following executive appointments have also been made: Mr Maxwell Packe is appointed finance director, Mr John Robertson director of mortgage operations and Mr Robert Weir treasury director.

★

Mr T. A. Pyne has been appointed a director of LONDON AND MANCHESTER GROUP in an executive capacity. He is a director of a number of subsidiary companies.

★

Mr William J. J. Crowe has been appointed deputy director-general of UKASTA. He joins from Sental Engineering, where he was director of the agricultural division.

★

Mr Mike Gibbs, general manager, has been appointed managing director of SARTORIUS INSTRUMENTS. He succeeds Dr Frank Hugh-Jones, who becomes chairman.

★

Mr R. C. McLauchlan has been appointed managing director of CYANAMID OF GREAT BRITAIN, the UK arm of American Cyanamid Co. Mr McLauchlan, formerly director, Lederle Operations, Cyanamid International medical products division, succeeds Mr Donald R. B. Banks, who died earlier this year.

★

BORG-WARNER has appointed three directors to the board: Mr Alan G. Hughes, a director of Borg-Warner Chemicals UK and works manager of the ABS production unit at Grangemouth; Mr Peter G. W. Whybrow, who is responsible for automotive group marketing, and Mr Jeffrey Thacker, who will continue as company secretary. Mr Jack A. Walker has resigned from the board as a consequence of the spin-off of York International. Mr James Sedcole, financial director, has retired.

★

Mr David Wisely will join SOUTHBOURNE SHEET METAL on September 1 as joint managing director with existing managing director Mr Peter Checketts, who is also chairman. After an initial period, Mr Wisely will be appointed sole managing director and Mr Checketts will continue as chairman. Mr Wisely is director/general manager of Avon Industrial Polymers and vice president operations of Bell Avon Inc, Mississippi.

★

Mr Howard Stapleton, manager of SEA OIL HOMCO, has been appointed managing director.

★

At THE HERITABLE AND GENERAL TRUST Mr Martin H. Young has become deputy managing director. Mr Charles W. Byford, Mr Norman P. Royal and Mr Antony E. Woodall have all been made directors. Mr Young has been a director since 1978. Mr Byford has been financial controller of the London group for some years and Mr Woodall is a director of Heritable Investment Management. Mr Royal is managing director of Heritable Finance, the instalment credit subsidiary. Mr Nicholas Cobbold has resigned as a director of Worms & Co. The Heritable and General Trust and Heritable Investment Management.

★

Mr John Ferguson, deputy chairman of AE and previously chairman and managing director of BSR, has been appointed managing director of WONDERWORLD. Mr George Walker, chairman of Brent Walker Holdings, has also been appointed to the board.

★

Mr Geoff Streets has joined the TORVAC PROCESSING GROUP as marketing director. He joined the group from AE Turbine Components.

★

Mr Mike Gulliford has joined ANYSPEED as sales director. He succeeds Mr Keith Ryan, who was recently appointed managing director. Mr Gulliford was marketing director and general manager of Microguard Computer Power Protection.

★

Mr Geoffrey Carter and Mr Colin Breed have been appointed directors of DARTINGTON & CO. Mr Carter is responsible for the management of Avon Enterprise Fund. Mr Breed is responsible for the provision of merchant banking services in Devon and Cornwall.

★

GRUNER & JAHR of the UK has appointed Mr Peter Strong as its managing director. He is managing director of EMAP National Publications.

★

On June 30, Mr Timothy Clode, group managing director of THE OCTOPUS PUBLISHING GROUP, will relinquish all his executive responsibilities and resign from the group board as he intends to pursue other non-competitive interests overseas as a non-UK resident. He will remain an adviser. On July 1 Mr Timothy Hailstone becomes managing director of Octopus Books and a director of the Octopus Publishing Group.

★

RMC GROUP has made two divisional appointments: Mr John Cooper, previously eastern region director for the concrete and aggregates sector, has been appointed divisional managing director of the re-named sand, gravel and readymix division. Mr Graham Smith, formerly regional director of the central roadstone division, has been appointed divisional managing director of roadstone products division.

★

The new president of the PAINTMAKERS ASSOCIATION OF GREAT BRITAIN is Mr Quintin Knight, executive director of ICI paints division.

★

At the FLEMING OVERSEAS INVESTMENT TRUST, Sir Philip Haddon-Cave has been appointed a director. Sir Philip was financial secretary in Hong Kong from 1971 to 1981 and chief secretary from 1981.

★

Mr Bert Hardy, chief executive of the Evening Standard, has been appointed a director of ASSOCIATED NEWSPAPERS HOLDINGS.

★

VALOR NEWHOME has appointed Mr Derek Bedson as technical director. He was appointed as technical manager of Valor Newhome in November 1985, and has since been responsible for all technical and product development matters at the Newhome division.

Changes for Credit Suisse

CREDIT SUISSE BUCKMASTER & MOORE has made the following appointments from April 14: At Credit Suisse Buckmaster & Moore, the main board comprises: Mr H. J. Franceschairman and chief executive, Mr J. G. Bailey, Mr A. F. Cooper, Mr G. M. W. B. Crawford, Mr R. G. Catterham, Mr A. J. Gardner, Mr M. N. Jones, Dr William Wirth, Dr Hans-Ulrich Doerig, Mr Dominique R. Dzlurzynski, and Mr Hans Peter Sorg. At Credit Suisse Buckmaster & Moore's institutional business division, the divisional directors are: Mr D. J. Butler, Mr P. Field, Mr R. W. Goodfellow, Mr F. C. Hoskin, Dr C. A. Lambert, Mr C. D. Mitchell, Mr J. P. Monaghan, Mr M. J. Thomas. Mr W. Calder, Mr K. M. Cammack, Mr P. W. Gower, Mr P. D. Russell, Mr M. R. Simmonds, Ms Maureen L. Sinclair and Mr J. C. I. Wallace have been made associate directors.

In Buckmaster & Moore's fund management division divisional directors include: Mr J. S. Sandilands (managing), Mr E. S. K. Gosnell, Mr M. A. Knight, Mr G. H. Lynne, Mr D. J. Macaulay, Dr W. C. Mott and Mr T. M. O'Dell. Mr A. C. Akers, Mr J. H. Fitzmaurice, Mr A. W. Franks, Mr R. J. Matthews, Sir Michael Thomas and Mr A. J. Tripp have been appointed associated directors.

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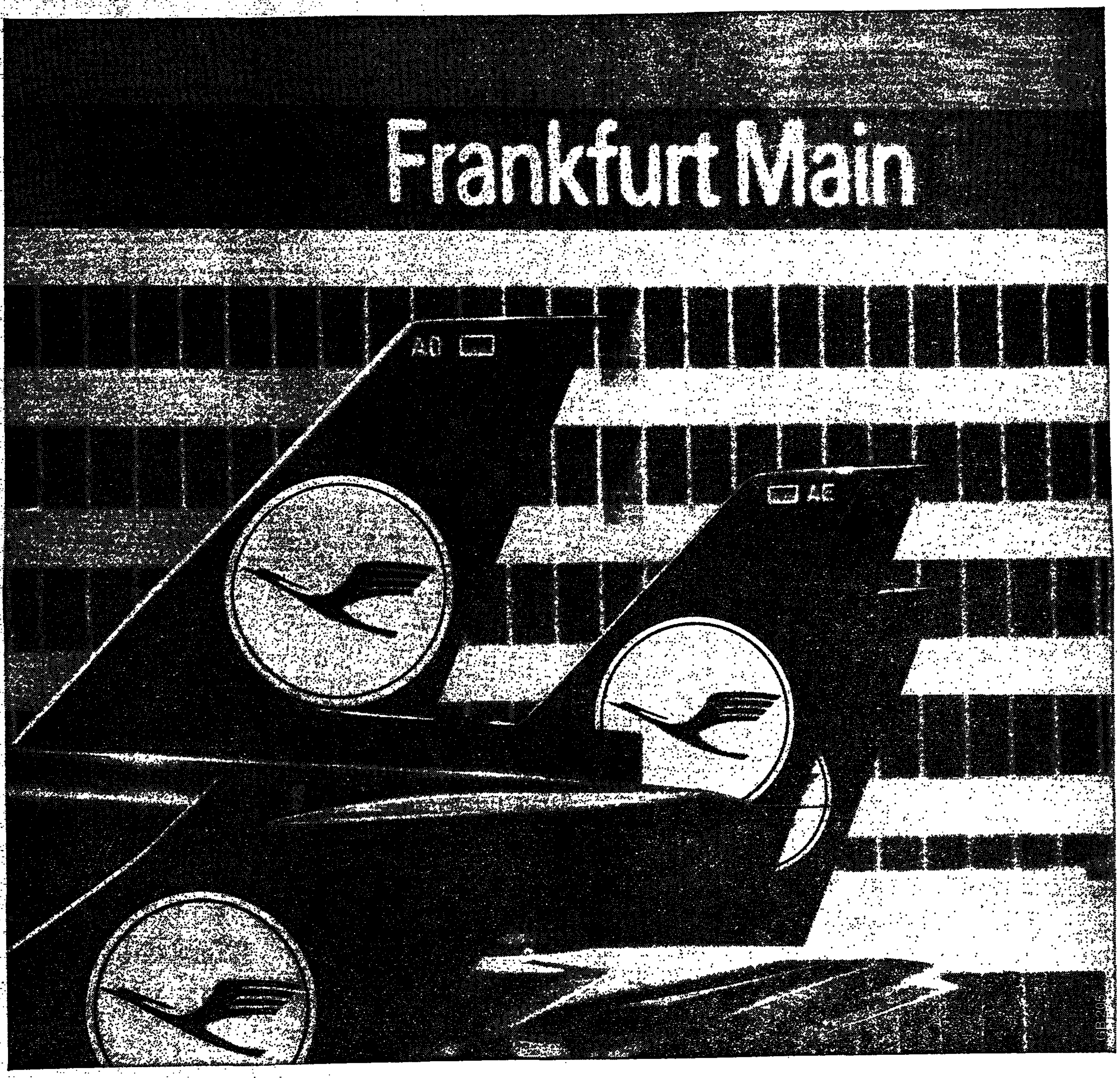
Continental Europe's Main Airport.



With 630 take-offs and landings daily, Frankfurt is Continental Europe's main airport.
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Saturday April 12 1986

Struggling for balance

WHILE THE world's stock markets continue, though now rather nervously, to celebrate, the world's economic leaders are showing some signs of worry. World growth is expected to continue, but not fast enough to alter the fact that almost everything in the world — resources, labour and productive capacity—is in oversupply. The progress now expected will do little to solve the problems of the poorest countries, of the unemployed of Europe, or for the re-election prospects of Mr Kohl, Mrs Thatcher and others who find that rising incomes are no longer a guarantee of rising popular support.

What seems to have got home to the world's leaders, assembled in Washington for the meeting of the IMF Interim Committee, is a message which Mr Paul Volcker, of the US Federal Reserve, has been preaching for some time. Mr Volcker wants the US to take serious action to cut its budget deficit and the huge balance of payments deficit which has been caused by high government borrowing and low private saving. However, he is also aware that this correction must be deflationary for the outside world and needs to be offset. It is the old problem of the elephant in the rowing boat: a shift in America's vast economic bulk will tilt everything if it is not balanced.

Demand management

Until very recently, nobody seemed to be listening to Mr Volcker. The US deficit was simply seen as an evil in itself, plaguing the world with excessive interest rates, high energy costs due to a strong dollar, and draining resources away from the poorer countries which should legitimately be importing capital. Correct the US deficit and everything else would come right.

The language of Washington, with its call for stronger policy co-ordination aimed at growth, sounds like a change of heart. Even Britain's Chancellor was talking as if fiscal stimulus—at least in countries with strong trade positions and low inflation (ie, Japan and West Germany)—would create real jobs. On the face of it, the assembled ministers were talking about demand management on a world-wide scale.

It is very unlikely, though, that any such profound change of heart has occurred. Mr Lawson will not present his next Budget in demand-management terms as if he was back in the 1960s or boast about the IMF's approval of his fiscal strategy. Such language at international meetings is coded and the problem which all of them have faced since the Bretton Woods agreement more than 40 years ago is much the same. It is known as the problem of symmetry — how to discipline creditors as well as debtors in seeking world balance. In 1986 terms, it is the problem of what to do about Japan.

The bilateral squabble between the US and Japan has been going on for a long time, because their bilateral trade imbalance is particularly marked. For a time it may have seemed mutually convenient that Japanese savers should finance a good part of Mr Reagan's deficit, while US shoppers kept Japan's factories busy. It could not go on for ever, though, because the process builds up US debts and undermines US industries. Mr James Baker, US Treasury Secretary, forced one uncomfortable adjustment on Japan last autumn when he mustered international support at the Plaza meeting to force the dollar exchange rate down and the yen up.

Economic policy

The initial result, however, has been so disappointing as to alarm many Americans. US shoppers seem happy to pay higher prices for the Japanese imports they have grown to like and US industry is still in deep trouble. Detroit, for example, is planning to run down capacity by a fifth. Some US commentators make dark comparisons between the US's likely future and Britain's recent past.

The US-led attack has therefore turned from the simple question of exchange rates to the whole of Japanese economic policy. Why don't they spend more of what they earn? Why don't they give themselves some decent housing, for a start? How can they be satisfied with growing at a European rate in a Japanese environment?

These are some of the questions the Japanese tried to answer in a recent officially-sponsored report on economic strategy. The sentiments looked irreproachable but the proposals for turning them into action looked inscrutable. The rest of the world will continue to press for something more concrete at the Tokyo summit next month, citing the IMF's agreements in their support. The likelihood is that the Japanese will again respond with courtesy and little action; the symmetry problem has not been solved yet.

Meanwhile, the flow of Japanese savings will continue to boost securities markets all over the world and the lack of Japanese buying will continue to restrain world economic recovery — at least until the threat becomes evident enough to worry the markets.

The Left searches for a voice

Labour won well in Fulham. It faces bigger challenges in setting up a pro-Labour newspaper and reviving its trade union base.

THOSE presently concerned with the creation of a new paper on the Left have been thrown into confusion by Mr Rupert Murdoch's offer of the redundant plant on which he used to print The Times.

They are, however, in accord on the following points: the paper must be independent of party; its editor must be free of pressure from such powerful groups as unions to publish or suppress material; it must adopt the most labour-saving technologies: it must capture its market, especially the young, by being funny, fashionable and even (some thing, some do not) sexy, and not over-concentrating on politics: it must carry straight, honest, nosey, careful, balanced reporting.

Most of all it is the last of these conditions which creates difficulties. The Left paper is being seen by its supporters and sold to its potential financial backers as the redeemer of a flabby, partisan and gutter-wallowing press: a beacon not so much of the Left as of editorial freedom. That is not something the Left or the Labour movement is famous for granting.

Britain had a rich selection of popular papers of the Left after the War. The Daily Herald, the News Chronicle, Reynolds News and the Sunday Citizen joined the still surviving papers of the Mirror Group. The News Chronicle and the Daily Herald, which still inspire most affection, packed up in 1960 and 1964 respectively.

The Chronicle had a real roll-call of talent — James Cameron, Ian MacKay, Sir Geoffrey Cox, who became the first editor of ITN; Ian Trethowan, later Director General of the BBC; Geoffrey Goodman, the retiring industrial editor of the Mirror Group; and Tom Baistow, former deputy editor of the New Statesman and a founding father of the City University's school of journalism.

Both Goodman and Baistow also worked for the Herald, which was for much of its life half-owned and wholly dominated by the TUC. Ernest Bevin, when general secretary of the Transport Workers, talked of it as "his paper."

Its famous apostasy was to support the fledgling CND in the late 1950s in defiance of the party and union leaders. The ensuing row between the editor and the party burned deep in the souls of the journalists.

Baistow now says: "I'm very sceptical that unions would leave an editor alone. The Eddie Shahs of the world are more likely to do that."

There is a deeper consideration: even if editorial independence can be guaranteed, can a readership be constructed? The classic job of a paper of the revolutionary Left was engraved in granite by Lenin: it was to "educate, agitate and organise." Papers of the far Left parties in Britain — the Morning Star, (pro-Soviet Communist), Seven Days (official Communist Party), Socialist Worker (Socialist Workers' Party), Newsline (Workers' Revolutionary Party), Healy Tendency (Workers' Press), WRP, (Banda Tendency), the Next Step (Revolutionary Communist Party), Militant (Militant)—are all wholly controlled by the party or group whose politics they represent, are often the main activity of that group, have small circulations and are all, presently, in decline.

The future of Labour Weekly, the Labour Party's mouthpiece, is under review; New Socialist, the party's intellectual monthly, has lost circulation in the past year. The New Statesman, down to about a third of its 1950s high water mark of 93,000, has long ceded its hegemony over the "progressive" middle class.

Only Marxism Today has substantially bucked this trend. Selling 4,000 in 1977, the CP monthly theoretical journal now sells more than 15,000 and is still climbing. Martin Jacques its editor for the past nine years, won grudging and conditional independence from the CP and has fashioned it into a journal willing to point out, albeit in encoded fashion, that Thatcherism was more than mere reaction and that the Left was less than always progressive. Says Jacques: "You cannot now assume that your readers read only a Left paper as once you could. Now, above all, they watch television."

Here is the nub: a working class, or for that matter, a middle class, audience which could be captured and monopolised by single point of view, Left or Right, probably no longer exists. Television swept that away and the plethora of new, mainly TV-based, media will fragment it further. Jeremy Isaacs, managing director of Channel 4, thinks Murdoch's offer to the unions of The Times newspaper plant is a 'Trojan horse, designed to trap the unions and the Labour party into the old technology.

There are plain grounds for pessimism that the latest flurry of activity will yield to yet another period of cynical, no-hope lassitude: after all, the country already has mass-circulation Left-of-centre papers from the Mirror Group stable and a high quality, independent left of centre paper in the Guardian.

But there are grounds for optimism. There is a belief, bolstered by some market research, that an audience can be found; there is an evident appetite among some journalists and printworkers; and some hope that a substantial working class audience for "serious popular" journalism remains.

Paul Foot, the radical columnist of the Daily Mirror, says he gets about 1,000 letters a month from readers, many describing "the absolutely awful condition in which people have to live." Foot, though himself faithful to a revolutionary strand of Socialism (through the SWP,) thinks a Labour paper could an dshould be set up — but detects a lack of will in party and union circles. "Social Democrats all over western Europe, and even the Communist Parties, now find their papers an embarrassment."

That is right: the mass readerships of the Italian CPs Unita and the French CP's Humanité are fragmenting under exactly the same pressures as have afflicted Britain's left papers: only the Swedish Social Democrats retain a press which appears both popular and committed.

The best ground for optimism that there will be a variety of papers on the Left lies in the new technologies. These have lowered the cost of entry to national newspapers and done away with the necessity for high circulation.

Nicholas Horsley, chairman of Northern Foods and newly-announced chairman of the left of centre Sunday paper project, News on Sunday, says that agreement with the unions on a direct input, low staff paper is all but complete. There is, be said, no real union push to impose traditional Fleet Street manning levels. Horsley's market research shows that up to 1.5m people, many young, will buy the paper.

Paradoxically, the Left agrees it cannot succeed in publishing successful papers unless it junks much of the practice of Left publishing over the past century. Yet in making the pitch for "free," independent journalism, it finds itself assailed by the doubt that it might not be possible because the very institutions of the Left are too conservative and by the even darker doubt that if they did, it would be too late. As the Left embraces the classical liberal vision of a free press, the press may have lost for ever its role in forming opinion.

Deeper still: the legacy f mass political parties, supported with varying degrees of intimacy by papers which backed huge packages of policies, may be fragmenting into issue or interest-group dominated movements which still retain party labels but increasingly break free from the straitjacket of traditional party programmes. The most distinctive feature of Eddie Shah's paper, Today, is its lack of a distinctive political line. In this, as in its method of Fleet Street production, Mr Shah may be setting a trend.

John Lloyd

THE UNION CART HORSE SLIPS BACK BETWEEN LABOUR'S SHAFTS

LABOUR's by-election victory yesterday at Fulham is a crucial indicator that the party can still command mainstream support. But away from the TV studio computer analyses, Labour has just secured a victory at least as significant — maybe more so — and one which shows that in spite of the battering it has taken since the Conservatives came to power in 1979, the party's working class base is in surprisingly good order.

At the behest of the Conservatives, Britain's unions have just completed a searching, sometimes agonising, review of their own political activities — the ballots required under the 1984 Trade Union Act for unions to retain their political funds.

To the irritation of the Conservatives, the ballots have turned into a solid success for the unions at a time when there have been few enough of them. Thirty-eight ballots, 38 victories —plus the bonus of two unions establishing political funds for the first time. More than 3m trade unionists voted in favour, with only 597,000 against.

For Labour, the ballots were vital: losing them would have left the party broke — effectively unable to operate. Without union money Labour could not exist. Though the share of Labour's income provided by the unions is falling (80 per cent in 1980: 74 per cent in 1984), it is still massive: £2.95m out of a total of £4m in 1984.

The ballot campaign has strengthened Labour's union base organisationally as well as financially. Its central strategy was to appoint campaign contacts in every workplace to put the message across at shopfloor level — a giant undertaking. Tom Sawyer, deputy general secretary of the public employees' union Nupe and an important member of the new left grouping on Labour's national executive, now wants to use Nupe's 1,000 contacts to act as alternative information channels, continuing to press home Labour's case.

Keeping the winning momentum of the political fund ballots going will be essential for Labour. In spite of the success in the votes, the unions are still a problem for the party. Though poll evidence shows union support for Labour growing again, it is against a background of 20 years of electoral decline.

Labour's share of the trade union vote fell in the 1983 election to 39 per cent. A breakdown of that record low total shows an even worse position. According to figures prepared by Larry Whitty, now the party's general secretary, only among non-skilled manual workers did Labour win even half the votes of the trade union members. Among female trade unionists, votes were roughly equally divided, and by region the Conservatives had more of the union vote than Labour in the south.

Shifts in demography means Labour's traditional areas of support have been weakened. In employment terms, there are more white-collar workers, more women, more part-timers; Labour's "natural" full-time male manual supporters have been reduced in number. Geographically, the north-south shift also hurts Labour.

Labour has a substantial task in countering these trends. It will have to win seats in the south where there are growing numbers of jobs in the new industries. A seat such as Swindon is clearly winnable: the Conservatives have a majority of only 1,395 which is already endangered by the decision to close the town's railway workshops. But Milton Keynes, with an 11,522 Conservative majority, will be much more difficult.

Many of the Conservative voters in towns such as these are probably unreachable for Labour. The target for the party, and for the unions, will be the trade union vote in these constituencies—and the political fund ballot successes suggest that it is possible to win it in spite of the obstacles.

Labour's internal wrangles still sometimes wrongfoot the party. A mainstay of the political funds campaign was Graham Allen, its organiser, but internal party-union machinations took precedence over his contacts and experience when he applied for a similar job with the unions' new election machine, Trades Unionists for Labour. He did not get it.

In spite of such difficulties, the relationship between the party and the unions is running more smoothly.

Hammered by Conservative trade union legislation, the unions now know that if they are to survive in any workable shape, or perhaps even any shape at all, they must have a Labour government after the next election. "If we don't get Labour in this time," says Tony Dubbins of the NGA print union, "some of us may not be around to see the next time."

Neil Kinnock, Labour's leader, knows it too. He is not prepared to be led by the unions, and with even the largest, the implicit challenge is always there: "I'm your only hope—so back me, or sack yourselves. Linked together now almost by desperation, the task for both the party and the unions is a daunting one. It may not be achievable. But the financial security resulting from the political fund ballot results and electoral victory in Fulham show that it is at least now possible.

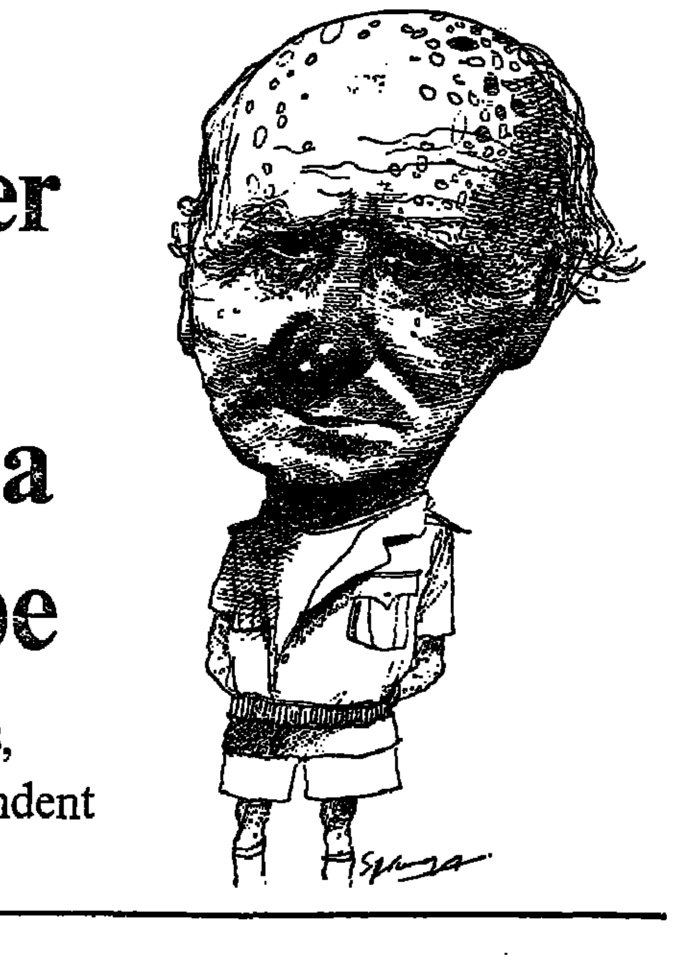
Philip Bassett

Man in the News

Lord Barber

A banker but not exactly a City type

By David Lascelles, Banking Correspondent



LLOYDS BANK may have been beating on the door. But this did not prevent Lord Barber, the chairman of Standard Chartered Bank, hopping on Concorde on Thursday to spend the day in Washington before catching the evening flight back.

His supersonic mission was not, as some in the City speculated, to find a US partner to fight off Lloyds' unwelcome £1.2bn takeover approach, the biggest in UK banking history. It was in his role as UK member of the Commonwealth group set up last year to encourage political dialogue in South Africa—all part of his national duty, he says. But it added to what was already a busy week.

"It's been like every day at the Treasury," he said recalling the time when as plain Mr Anthony Barber he was Chancellor of the Exchequer from 1970 to 1974. "One of the things you learn from being in a senior position in politics is to cope with situations as they arise, and not to get diverted from the day-to-day necessities as well.

But the Whitehall's hurly-burly equipped him to fight a full-blooded takeover battle in the City? The Stock Exchange seems to think that someone will end up making a grab for Standard, even if it is not Lloyds. And Lord Barber, with the full support of his 17-man board (which has got some "tough eggs" one it, he says) is determined to put up a fight. Among Standard's directors are Sir Denis Hamilton, the chairman of Reuters, Lord Inchcape, Sir Derek Mitchell, a director of Bowaters Industries, and Lord Pennock, deputy chairman of Plessey and a director of Morgan Grenfell, the merchant bank.

Now 65, Lord Barber has been Standard's chairman for 11 years, but his style still smacks strongly of Westminster: the outgoing manner of a man who had to win votes, the rapid speech bred of political debate, the concern with presentation. But he has never tried to become a City man, though one of his former incarnations as a tax barrister "means I can read company accounts."

"I'm not a professional banker, and I don't pretend to be one"—so he leaves the management to his chief executive, currently a good-humoured 52-year-old banker called Michael McWilliam, who started in the City with Samuel Montagu, before joining Standard 20 years ago and working his way up the ranks. On the other hand, he does not want to be seen as the figurehead lord on the board that many ex-politicians become. "When I was offered the job as chairman, I made two conditions. One was that I wanted to be fully involved. The other was not to allow myself to be used as a lobbyist with government departments and my former colleagues."

He does, however, feel that his prominent position obliges him to serve his country where he can. He was on the Franks Committee which investigated the Falklands war, and he agreed to serve on the Commonwealth group even though it means a lot of delicate work behind the scenes.

At Standard, Lord Barber's wish to be involved means that he spends a good deal of his time—as much as three months a year—travelling to the far-flung outposts of his banking empire, most of them in Britain's former colonial possessions, including the US. In many, Standard's presence dates back more than 100 years; Lord Barber sees it as his job to tend its often unique relations with the governments there: In China, to which most banks are being admitted for the first time, Standard has been around for 127 years.

The lobby to his office on the fifth floor of Standard's dramatic new headquarters in Bishopsgate has framed bank notes issued by Standard in Africa and Asia where it often was the monetary authority. The atrium downstairs is lush with greenery and the sound of running water, evoking some of the steamier spots in which Standard has hung out its sign.

All this takes some diplomacy. "We have been a major bank in South Africa (where Standard has yielded to political realities and lowered its profile). But at the same time I have excellent relations with black African countries. We are the biggest bank in Zimbabwe. When I go there I see Mr Mugabe and we get on very well."

Lord Barber feels these delicate ties would be disturbed if Standard passed into new ownership. Though he also admits that they have not exactly produced spectacular profits for his bank in recent years—which is why he is trying to impress upon shareholders that there is a new strategic plan which will put all that right, just given a bit of time. Much of the plan is predicated on shifting Standard's centre of gravity back to Europe and North America, so whatever happens, Standard is on the threshold of big changes.

Ironically, the takeover fight pits Lord Barber against Sir Jeremy Morse, the Lloyds chairman who used to accompany him as a senior Bank of England official on his overseas trips as Chancellor. They know each other well, which could explain one of the few things Standard and Lloyds have in common: they are the only big UK banks which have not joined the rush to buy stockbroking firms in the Big Bang.

Like Sir Jeremy, Lord Barber thinks the other banks have paid far too much for stockbrokers, and could rue the day. But he is four-square behind the reforms which his Tory successors have unleashed in the City. "If the City of London is to keep to the forefront, then we have to move with the times."

Italy's wine scandal

The tragedy that has darkened a reputation

By James Buxton in Rome

THE SCENE is a fashionable restaurant in the heart of Rome. At more than half the tables the businessmen and politicians who, like all Italians, usually drink wine at lunch, are sipping beer and mineral water. After some hesitation, an electronics company executive orders an expensive bottle of Chianti. When it arrives he takes out of his pocket the latest list of guilty or suspect wine producers. Only when he fails to find the wine on the list does he let the waiter pour it out. He and his guests embark on it gingerly.

This is what is being called here wine psychosis, the anxiety about drinking wine which is afflicting Italy as people continue to die from methanol poisoning. What is happening is a tragedy not just for the families of the 20 or so people who have died, or for the dozens taken seriously ill, many likely to be left blind, but for the whole country — both the world's largest producer of wine, and its biggest exporter.

The scandal has brought the domestic wine trade to a virtual halt, and come close to paralysing exports. It has darkened the reputation of Italian wine everywhere, damaged the standing of two ministers and provoked among Italians an outbreak of gloom about their country just when things seemed to be going rather well.

It needs to be said at once that this is a scandal involving a relatively small amount of low quality wine usually sold in large containers, bearing the labels of producers few people have heard of and who feature in no reputable guide to Italian wine. With the hue and cry about Italian wine exports, and the progressive seizure of suspect or adulterated wine in shops and wineries all over Italy, it is unlikely that anyone reading this article will drink Italian wine containing dangerous quantities of methanol. Most authorities in Italy believe that in terms of risk to health, the worst of the crisis is over.

Yet the worst may be yet to come for the Italian wine industry. In the last full wine year — ending in August 1985 —Italy exported about 18m hectolitres, nearly a quarter of total production. That earned Italy about L500bn (£625m). Some people are now saying that Italy's wine earnings could be reduced by one third or even half.

In 1971 Hugh Johnson in the World Atlas of Wine wrote of Italy and its wine: "Yet what is at the same time amiable and maddening about her is her age-old insouciance about it all." The country had a reputation for producing vast quantities of wine of varying quality, with little care for the regulations that have made many French wines so good—and so expensive. Italy was the country of abundance.

In fact by then serious steps had already been taken to raise the quality of much Italian wine. People were putting their minds to improving the traditional wines of Tuscany and Piedmont, and developing good wines elsewhere. The system of *Denominazione di Origine Controllata* (DOC) was instituted in 1963 as the Italian equivalent of the French *appellation contrôlée*, and entails formidable controls that the wine comes from where it says it does, and that it meets the legal specifications.

In the late 1970s and early 1980s Italian wines made a breakthrough into the US market, both with fine Tuscan wines produced by Villa Banfi, a US company, and the fizzy red Lambrusco from Emilia-Romagna. In 1984-85 the US was Italy's biggest wine export market in terms of value, accounting for 5 per cent of all exports.

Yet, DOC wines, though accounting for about 30 per cent of all exports by value, made up less than 20 per cent by volume, and only about 5 per cent of total Italian production. No less than about 10 per cent of Italian exports consist of low quality table wine exported in bulk. Of this much went to France (38 per cent by volume) mainly to be blended with French wines; the second biggest buyer was West Germany.

The sheer abundance of low quality Italian wine seems to have a lot to do with the present crisis. Far too much wine is being produced at very low cost, and as the annual wine consumption of Italians falls (with changing life styles and the provision of drinkable water to the villages) Italy has increasingly had to avail itself of the EEC's subsidised distillation scheme for excess wine. About one-tenth of the 63m hectolitres of wine produced in 1985 (a relatively bad year in terms of quantity) is destined for distillation for industrial use.

So where does the adulteration of wine with methanol fit into this picture of cheap, plentiful wine? In a story dense with mysteries it is nevertheless clear that much Italian wine, even from the sun-baked south, now has a low alcohol content because of the rising yields of grapes. *It may contain as little* as 5 or 6 per cent alcohol, against the 11-13 per cent content of most wine. The alcohol content can be raised by adding sugar—but this is illegal in Italy, as well as time-consuming. It is also easy to detect.

What the investigators have so far discovered since the scandal broke in March is that four wineries—one in Piedmont, two in Emilia Romagna and one in Apulia (in the heel of Italy)—were adding synthetic methanol, a product often used to dilue paint, to wine with a low alcohol content. They bought it from a shady network of dealers in northern Italy, and found it both convenient and very cheap, since duty and controls on its movement were ended in 1984.

They then sold the wine to other producers, of whom about 100 have been identified so far, their names read out on the radio and printed in the press. These bottled and labelled it, presenting it as table wine of *their own regions, mainly in* northern Italy but also in Tuscany and Apulia and passed it on to supermarkets and shops. All wine contains a tiny natural quantity of methyl alcohol—0.3 per cent is the legal limit. By adding methanol they pushed that proportion up to 5, 10, 15 per cent or even more —a dose that can be lethal, at least for heavy drinkers.

Why did they do it, and why did they get the dose so disastrously wrong? "I wonder about that the whole time and I still haven't come up with a satisfactory answer," says Mr Giuseppe Battistuzzi, head of the Federation of Italian Wineries. Obviously by cutting out some of the tedious traditional process of fermentation it was possible to produce a passable-looking wine that was cheaper than some of the *cheapest wine available (costing* less than Lire 1,500 (65p) per litre and still make a profit.

But surely the original adulterators must have known that methanol was dangerous. Some experts are speculating that the scheme began as a *means of* deliberately making wine fit only for the EEC distillation scheme, but that somehow the plan went awfully wrong. The answer, it is hoped, lies with about ten men now under *arrest who are being investigated* by the judiciary.

What is clear is that the fraud was able to flourish for its brief period—from December last year until last month, because shops and supermarkets wanted cheap wine and were disinclined to ask too many questions.

So where does the Italian wine industry go now? "We're still in the midst of an emergency. It's too soon to think about the future," says Mr Battistuzzi, and his view is echoed by other big producers.

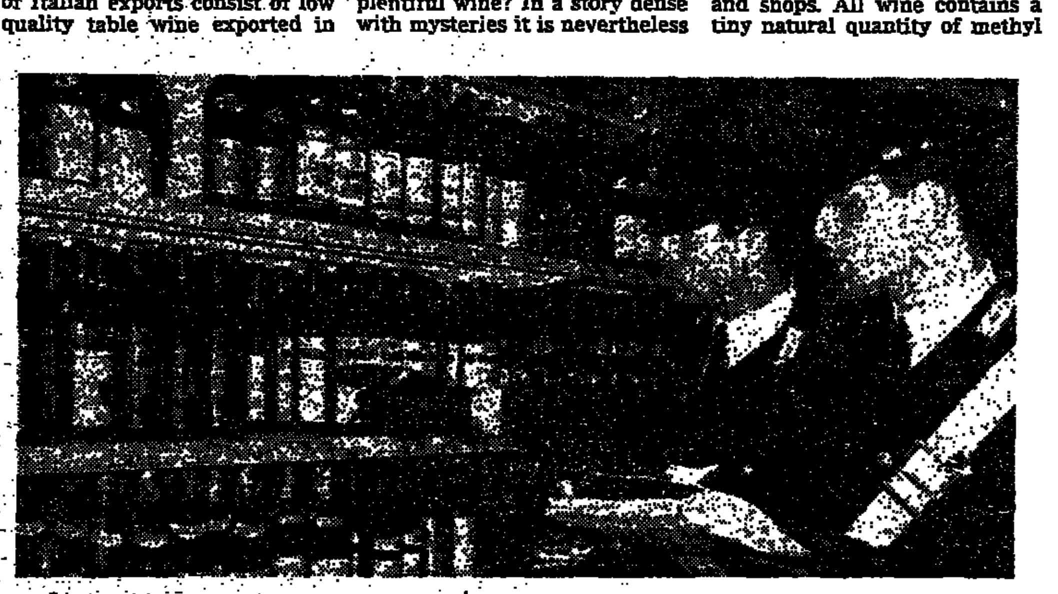
Burton Anderson, the American author of Vino, the most authoritative book on Italian wine, believes that only the DOC wines and other wines with a high reputation will be able to survive in export markets—and that even they will suffer a "lapse" of several months.

In a tighter market the larger *efficient producers' names* like Antinori, Frescobaldi, and the more enterprising co-operative wineries—should become dominant. The marginal and dishonest producers should be forced out of business by market *forces, and the far tougher laws* on adulteration now being introduced.

The optimists believe that in the end the Government will have to give greater encouragement than it does now, to grubbing up surplus, low-quality vines—a policy urged on Italy by the EEC, but with little success. That would transform agriculture in some parts of the country and might put an end to distillation. In the late 19th century the vine disease phylloxera reduced Italian wine production by a quarter, but gave *the industry a salutary shock.* History could repeat itself.

ITALY'S FOUR BIGGEST MARKETS
(By volume and value)
August 1984-August 1985

	hectolitres	Lire
France	7.0m	(291bn)
W. Germany	2.6m	(331bn)
US	2.8m	(530bn)
UK	0.8m	(107bn)


Two Carabinieri check wines in a Rome supermarket

25 years of manned flights

There's nearly always space for Vladimir

By Peter Marsh

IF YOU want to go into space, it helps to be Vladimir, a William or a John. Or you could try Valeri, Robert or Viktor.

It was 25 years ago today that Yuri Gagarin became the first person to leave the atmosphere, and since then space flights have produced a set of statistics to rival those of cricket's Wisden.

The 115 manned missions to date (60 Soviet, 55 American) have involved 199 astronauts who between them have orbited the earth more than 100,000 times.

Their exploits have cost US and Soviet taxpayers about $200bn at today's prices.

Twice as many *American as* Soviet citizens have become astronauts: 120 against 60. Three West Germans have entered orbit, two Frenchmen and 14 from other countries; all have travelled as guests on *Soviet or US space vehicles.* Of the 199 spacefarers, only 10 have been women.

Perhaps the most curious space statistic is the Vladimir factor. Of the 60 Soviet missions, no fewer than 22 have *involved cosmonauts with names* beginning with Vladimir. Yet, oddly, no two Vladimirs have flown together.

Now Vladimir, which means lord of the world, is a very common name in the Soviet Union—but not as common as this run would suggest. What is more, the Vladimir factor seems to be strengthening.

Of the 10 most recent Soviet space flights, eight have had a Vladimir on board. In the 19 missions before these, a further eight involved a Vladimir.

In the US, the most popular name is William. Seven Williams have left the atmosphere, followed by six Johns and *Roberts and five Jameses.*

The oldest person to have gone into space is Karl Henize, who—after waiting patiently in the US astronaut ranks for 18 years—was 58 when he entered orbit for the first time. The youngest is Gherman Titov, who went aloft at the age of 25 just four months after Gagarin.

Valeri Ryumin, who has logged 361 days in three separate missions, is the most *travelled space voyager.* Soviet flights, in general, last much longer than American ones. While the Soviet Union has recorded 13 missions lasting more than a month, the US can account for just three — the *flights* on the *Skylab space* station in 1973-74.

The most dogged spacefarer was Valentin Lebedev who, during a 211-day flight in 1982, stuck things out while complaining of sleepless nights, poor food and the difficulties of brushing his teeth with his fingers.

Jean-Loup Chretien, the first French astronaut, was also the most stylish. He took a bunch of orchids and his own supply of food when invited as a guest to the Salyut 6 space station.

For unflappability, Mikhailovich Komarov, Konstantin Feokistov and Boris Yegorov top the rankings — they spent a day hurtling around the earth in an early Soviet space mission without space suits, in a Voskhod vehicle which had only one seat.

If there was a Mrs Thatcher award for space entrepreneurship, it would go jointly to James Irwin, Alfred Worden and David Scott. On their trip to the moon 15 years ago (one of the six US lunar landings) *they franked envelopes* and sold them on their return as souvenirs. For their pains they were reprimanded and dropped from flight status.

The Percy Thrower award for celestial green fingers goes to Anatoly Berezovoy, who cultivated vegetables ranging from peppergrass to tomatoes *during a long mission in 1982.* Rakesh Sharma of India displayed a particularly relaxed attitude, practising yoga when a guest on a Soviet flight two years ago.

US shuttle flights are at present held up while a presidential inquiry deliberates on what caused January's explosion aboard Challenger, which killed all its seven crew.

The catastrophe will probably not, however, delay manned space flights in the US by more than a couple of years. Indeed — just as in 1961, when the *Gagarin voyage encouraged* the US to redouble its efforts in space — the US will probably want to press ahead to try to keep apace of the Soviet Union which has recently launched a vastly improved space station *and has set its sights on a flight* to Mars.

Although robots will undoubtedly become more sophisticated and will thus be given more jobs in space, there is little doubt that people, rather than machines, will continue to dominate extraterrestrial activities in the next 25 years and beyond.

Most space experts agree that the comments in 1966 of former Nasa astronaut Scott Carpenter are still valid: "No matter how perfectly instrumented a satellite may be, it cannot be perfect unless there is a thinking being inside, capable of observing, weighing evidence, making decisions and carrying them out."

"Amazing view — you can even see the queues to *Heathrow's Terminal 4*"

Letters to the Editor

Brick-by-brick rebuilding

From the Chief Executive, Wolverhampton Chamber of Commerce & Industry

Sir,—I read with interest your leader "Why industry matters" (April 4) and your comments on Sir John Harvey-Jones's Dimbleby lecture. I entirely concur with your comment "Eyebrows may be raised at what he failed to say in his lecture."

It is my firm belief that there is implicit criticism in Sir John Harvey-Jones's comments on the British "style of doing things" which takes into account both governmental apparatus as well as the direction and management of business, education and other institutions.

The fundamental error, I believe, to which he draws attention is that problems are not being faced. Clearly, manufacturing industry is vital to Britain's future but is struggling to keep its declining share of world markets. Clearly, there is a major social and environmental problem in inner cities and declining manufacturing centres. Little of substance appears to be being instituted to redress these and other central issues of the moment.

Sir John drew attention to the prevalence of an anti-industry culture, something of which we are at last becoming aware. One of the prime side effects of the latter is the view that the country's difficulties can be solved by macro-economic policy changes. The root cause, in my view, has been the impact of J. M. Keynes's proposals on how to repair the effects of the depression of the 1930s. By boosting public *spending all, apparently,* would come right in the end.

The problem now is that Great Britain does not have the relatively efficient manufacturing base of that period, nor the captive markets of the Empire, nor the *Imperial power* base in the wider world, nor the control over international communications that sea power permitted in the era pre-1939. Jim Callaghan understood this in his attempts as Prime Minister to educate the *Labour Party* that it is "now impossible to spend your way out of a recession."

Today, however, we have exchanged one set of macro-economic advice for another. As you rightly *indicate* today's obsessions are "liberalising markets" and "making wages more flexible." While most businessmen welcome such measures, their impact is minimal. The West Midlands, for example, is now a low wage area but there is precious little "market" response to this fact. At the same time, the *policy* implications of such ideas do nothing to influence the three key issues to which Sir John Harvey-Jones rightly drew attention: the need to make science and industry better bedfellows, the necessity to compete *internationally and the need to* manage change better.

The problem with macro-economic solutions is that they have become divorced from micro-economic reality. A 19th Century "market based" strategy cannot be raised from the grave to promote advancement. British industry is necessarily dominated by big companies in order to compete internationally. Thus, the "*disciplines of the market*," when confined to the British experience in isolation, cannot have anything but a peripheral impact on business behaviour.

It is time to boot out the ivory tower academics who have dominated our *thinking* for so long and start rebuilding British industry, brick by brick, from the bottom up.

P. Coles-Johnson.
93, Tettenhall Road,
Wolverhampton.

Hairy problems of economics

From Dr F. Clairmonte

Sir,—I too, like Mr Anthony Harris (March 22) have a beard and I commiserate with him for the ripoff he's been subjected to in Switzerland.

In Nyon, I pay 20 francs for a haircut with a beard job thrown in; and a 2 franc tip. A Lebanese grocer near the Gare Cornavin told me that I was being gouged and that he could do the job *tout compris* for 12 francs. He had learnt the barbering metier in Beirut. *So he said. A couple of weeks* later I was in Budapest and I paid 3 francs at the official rate for beard and all. When I told my friend from the planning commission that I was supremely impressed with the *achievements of socialism* he said I was off course and added that the man was nothing but a bourgeois barber exploiting two assistants. If in fact, however, I had changed my Swiss francs at the unofficial rate the *job would* have squeezed me less than 2 francs.

When I returned home and told my wife the barbering story she bought a shaver and told me she could give me the works if I bought her a cup of coffee and a *croissant* at a smart hotel. Pricewise she's more expensive than the Hun*garian* bourgeois barber at the official rate but she's beaten to a frazzle the Lebanese grocer/barber not to speak of the Nyon operator.

It proves resoundingly that there are mighty price differences in the barber business; and that much can be done to lick inflation and raise your savings level with a compassionate wife who's simply crazy for a cup of coffee and a croissant. And my head and beard is sure proof that her barbering technique has improved immensely.

Frederick F. Clairmonte (Dr),
(Senior Economics Affairs Officer Commodities Division),
United Nations Conference on Trade and Development,
Palais des Nations,
CH-1211, Geneva, 10,

Landowners and farmers

From Mr R. Rennie

Sir,—Mr John Cherrington's article (April 2) entitled "Sharing out the golden milk-shake" refers to the EEC Com*mission's plan to buy out a* proportion of the milk surplus, at present about 12 per cent of production, by paying dairy farmers a capital sum over seven years in return for taking the farm out of dairying for ever. Some 40 per cent of UK farmers are tenants and their landlords are represented by the Country Landowners' Association (CLA), which wishes to secure part of this compensation for them so the National Farmers' Union has set up a committee to look after the interests of tenant farmers.

The NFU has only to review the many Acts of Parliament passed during the last sixty years affecting agriculture, still our major industry, to refute the justice of any of this pro*posed compensation* going to the landowners. In 1929 all farmland and all farm buildings, except farmhouses, were relieved of local rates. From then until now various subsidies such as that for hill farms, etc., have been granted and this rake's progress has culminated in the absurdities of the Common Agricultural Policy, which has caused the monstrous surpluses of milk, butter, grain and meat in this *country and in Europe.* Subsidies always distort the free market.

All these subsidies, ostensibly granted to assist farmers and encourage production, are eventually absorbed in increased rents to the landowners, leaving the farmers as they were before the subsidies were granted. That this is so is evident in the very high cost of agricultural land. The same principle is illustrated in the sharp rise in property prices in the Republic of Ireland since the abolition of the *rating* system and by the rents and the selling prices for sites in the so-called "enterprise zones" in this country wherein anyone establishing a business is promised exemption from the payment of rates for a decade.

The CLA has no justification for any share in the proposed compensation and it is to be hoped that the NFU committee will come to the same conclusion.

R. J. Rennie.
9 Myrtle Park,
Glasgow.

Profit and policy sharing

From Mr T Baker

Sir,—I suggest that there is a serious flaw in the Chancellor's proposals for wages to be linked to profitability (see article by Samuel Brittan, April 3), and that is that the scheme violates the principles of natural justice. A worker is, or should be, paid for doing the work he/she has contracted to do and so long as that work is done properly the wage should be paid at the agreed rate. Ensuring the firm's profitability is a managerial function and it should not be the case that in addition to the long-term fear that the very existence of his job should be determined by decisions over which the employee has little or no influence, the rates he is paid for the job in the short term should likewise vary as a result of matters almost wholly outside his control.

If employees are to be expected to accept such a scheme, surely the necessary concomitant is that there should also be some arrangement whereby they may be permitted some degree of influence over the *decisions which so directly* affect their livelihood. Consequently, both for moral and, perhaps more importantly, for practical reasons, some provisions for worker participation will have to be an integral *part of any such scheme.* Besides which, as Sir John Harvey-Jones pointed out in his recent Dimbleby lecture, such participation is in itself highly desirable as a means of harnessing employee commitment to the firm's objectives and making them feel "part of the team." It is regrettable that this appears as yet wholly unrecognised by *the advocates* of profit-sharing schemes. I fear that without it, such schemes will be poorly received by employees.

T E Baker,
12, Sandhurst Road,
Polygon, Southampton.

UK COMPANY NEWS

Low and Bonar launches £23m rights

Low and Bonar, the Dundee-based packaging, textiles and electronics group, yesterday announced a £22.6m rights issue to pave the way for future investment and acquisition, writes Lucy Kellaway.

Earlier this week the company announced the purchase of USI Film Products for 9.5m (£6.5m) in cash. USI, which is based in the US and specialises in the production of low density films for packaging, is the third large acquisition that Low and Bonar has made in recent months.

It has also been investing over £10m a year as a part of its two-year-old strategy of concentrating on specialist sectors of the packaging, plastics, textiles and electronics markets.

The year has started healthily throughout the group, and the two recent acquisitions, Bemrose Packaging and Cole are *settling down well, the company says,* and is "confident about the prospects for the year as a whole. In the year to November 1985 the company made pre-tax profits of £13.3m, compared to £11.5m in 1984.

The directors are proposing to increase the dividend for the current year by 10.5 per cent to 10.5p (9.5p), payable on the enlarged share capital.

Mr Roland Jarvis, group chief executive, said yesterday: "In 1984 and 1985 we achieved record profits and laid the groundwork for sustained future growth. This rights issue will enable us to o[illegible] excellent base already made and to make significant progress in the future."

The shape of Low and Bonar has been altered radically over the past few years. The company which was once heavily dependent on South Africa has sold most of its subsidiaries there, and last month decided to deconsolidate its remaining interests.

The terms of the rights are one-for-four at 406p, compared with a pre-rights price of 471p. The shares, which at the time of the announcement were trading at an all-time high having risen by nearly 50 per cent this year, fell 9p yesterday to 462p.

The issue has been underwritten by Robert Fleming and the brokers are Fielding Newson-Smith.

Shaking off a complacent approach

BY LUCY KELLAWAY

THIRTY YEARS AGO, Sir Herbert Bonar, the chairman of a Dundee textile company, reassured shareholders that, contrary to all evidence, their company's jute business was not unduly threatened by the arrival of synthetic fibres. "At the end of the day a jute sack can still be, as in the past, the most economical form of container," he told them. He was not right, of course, and the company was eventually forced to diversify.

Such a defensive and backward-looking style could not be further from the approach of the present members of Low and Bonar management, who over the past few years have transformed the group from an untidy UK conglomerate with interests in assorted industries scattered across the world, into a thoroughly modern, thrusting concern.

For a company with a turnover of more than £200m Low and Bonar has got a decidedly *low profile, and is little known in the UK outside Scotland.* But with the arrival of Roland Jarvis, the aggressive new chief executive, that is beginning to change. Mr Jarvis had been headhunted away from TI Raleigh, where he had been managing director. He had presided over a three-year modernisation programme, when losses fell from £10.5m to £2.5m, but left the company shortly before it ran into serious production problems.

Yesterday's £23m rights issue underlines Jarvis' expansionary ambitions for Low and Bonar. He has set himself the task, of *doubling the company's size* over the next three years, and the new money makes such a target more realistic by creating a pool of funds for capital investment and for acquisition.

This is a dramatic departure for Low and Bonar. For nearly 80 years it was a tolerably profitable company run on the good Scottish principles of canniness and caution. From jute merchanting at the turn of the century, its business had spread — somewhat haphazardly — first overseas, and then into paper, textiles, transformers,

Mr Roland Jarvis, the chief executive of Low and Bonar

engineering and travel.

Until the late 1970s such diversification was moderately successful. It smoothed out trading peaks and troughs, although because at least one part of the group was always doing badly, growth overall was never much better than pedestrian.

However, during the last recession most parts of the group fell on hard times, and the company was only saved *from declaring losses by its* African operations. But these profits were scant comfort to shareholders as they were firmly stuck within Africa, and were in any case denominated in steadily depreciating currencies.

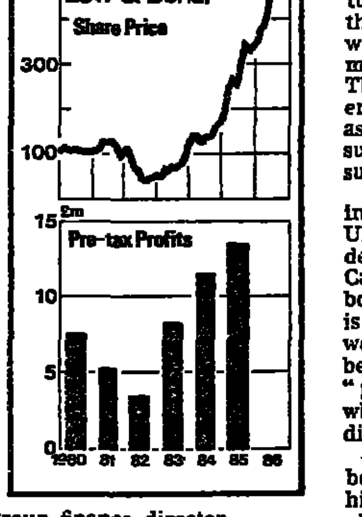
Shaken out of its complacency by a plunge in profits from £9m in 1979 to £3.5m in 1982, the company started on a much needed programme of rationalisation. Some of the most past-it engineering businesses were sold, capacity was cut in most parts of the group, and by virtue of a general process of contraction borrowings, which had been rising alarmingly, started to come down.

When Mr Jarvis joined Low and Bonar in the summer of 1984, the urgent surgery had already been done. All the worst loss-makers had gone, and a conscious move towards higher margin products had begun. The unprofitable paper bag operation had turned into a specialist packaging company, and large investment had been made in Floiex, the company's [illegible]

His second task was to add to the group by selective acquisition. During the last few months Low and Bonar has bought the Coal Group, Bemrose Packaging, and most recently USI Film Products, *spending more than* £30m.

There was a clear industrial logic to each of these deals. Cole makes a variety of specialist plastics, some of which will use the technology developed by Low and Bonar's Canadian plastics subsidiary. Cole also makes power supplies, complementing *Low and Bonar's own power* supplies business, making it one of the largest makers of specialised power supplies in Europe.

Mr Jarvis says he is alive to *the dangers of unplanned and* unproductive acquisitions. During the late 1970s Low and Bonar was dragged through a phase of willy nilly expansion, expected to absorb a loss-making paper bag maker, metal-bashers, and assorted textile companies. "There was no corporate plan, and when times got hard, the companies fell off the wall like flies," says Mr Walter Telfer,



group finance director.

Alongside careful corporate sales and purchases, the third plank of Mr Jarvis's strategy is to invest heavily in new technology throughout the group. Last year the company's capital expenditure bill was about £12m (compared to group profits of £13.3m), a level of investment which will be maintained for the next three years at least.

"The inheritance was fairly clean," says Mr Jarvis. "My job was to develop and recommend a strategy for the future."

Out of the existing business he set out to develop a more coherent group structure. The packaging division would form the core, providing solid growth and generating cash. Round that would be three satellites — companies involved in specialised sections of the electronics, textiles and plastics markets.

Everything else would have to go, and hence the sale during the past year of Bonar Long, the old transformer company, whose market had long since moved from the UK to the Third World, the remaining engineering companies, and assorted investments and surplus land. Last year alone such sales brought in £13m.

This year's investment plans include building a plant in the UK to house the technology developed by a US subsidiary, Carolina Formed Fabrics, also bought last year. The company is in the rapidly growing non-woven textile market, and has been among the first to use "powder bonding" techniques, which create soft but strong disposable fabrics.

There is still a good deal to be done if Mr Jarvis is to fill his own targets. While nearly all of the disposal work is over, the company still needs to find a buyer for its remaining African interests, which for the past five years it has been running down, and for its remaining ing stake in the travel business.

Meanwhile Low and Bonar is still in keen pursuit of further acquisitions to add to its four central activities.

Mr Jarvis himself is confident: "After all, what is a business? People, ideas, and money—and we've got all three."

Lloyds delays Standard action

BY DAVID LASCELLES, BANKING CORRESPONDENT

LORD BARBER, chairman of Standard Chartered Bank, has asked Lloyds Bank to clarify its bid intentions following its £1.17bn takeover proposal, now more than a week old.

Lloyds replied that it intends to delay further action until it has seen Standard's annual report and accounts, due to be posted to shareholders next Monday.

Lord Barber said in a letter to his shareholders that the present position was unsatisfactory. "We are pressing for Lloyds to remove this uncertaint, which is creating a false market in your shares."

Standard made its views known to Lloyds in a letter from Schroders, its merchant bankers.

Lloyds Merchant Bank said last night it would clarify its position after seeing the accounts on the 14th. In fact, Standard pointed out, however, that Lloyds will not have a sight of the accounts until the following day.

Mr Michael McWilliam, group managing director of Standard, said that this response "underlines the impression of improvisation" in Lloyds' tactics, and suggested that they had not done their homework. "This is a very curious way of treating another major City institution," he said. "It shows a high degree of indecision."

The annual report, he added, would contain little that had not already been published in Standard's preliminary results last month beyond a review of operations written by himself, and some technical notes to the financial statements. Printing of 50,000 copies began on March 26, a week before the Lloyds approach.

Mr David Horne, managing director of Lloyds Merchant Bank which is handling the proposed bid, denied that Lloyds had been given a deadline by the Takeover Panel to make a formal offer. But he said Lloyds' statement should satisfy people's concerns about its intentions.

Standard's shares gained 4p to close at 877p compared to the 750p proposed by Lloyds. Lloyds shares were unchanged at 592p.

Eastern Produce down to £9m on poor tea price

THE SUBSTANTIAL decline in the market price of tea has borne heavily on Eastern Produce (Holdings), and the group has seen its pre-tax profit slump from £21.81m to £8.93m in 1985.

The dividend, however, is being held at 10p per share, with an unchanged final of 7.5p.

Apart from its plantations holdings, the group is interested in trading and agency, engineering and fishing — through its 47 per cent stake in Associated Fisheries.

At the halfway stage the group's profits were halved to £4.32m.

Turnover in the year fell from £55.68m to £39.45m and the operating profit was down from £17.6m to £5.95m.

Associates' contributed £3.11m (£4.35m) and investment and other income totalled £1.05m (£791,000), while interest charges were £1.17m (£938,000).

Tax absorbs £4.24m (£10.5m) and minorities £440,000 (£1.04m), leaving the attributable profit at £4.25m (£10.27m) for earnings per 50p share of 40.4p (97.8p). There are also extraordinary credits of £733,000 (£299,000).

The directors again refer to claims against a subsidiary, and say if all were to succeed the maximum potential loss to the group, for which no provision has been made, would be that subsidiary's net asset value of some £2m.

The subsidiary is a co-defendent in an action in which substantial amounts are being claimed in relation to certain insurance broking matters. The action has been set down for trial commencing on the 28th of this month and will be defended.

● comment

Given the severity of the fall in the price of tea there was little or nothing Eastern Produce could do to salvage these results. The City had long expected a lacklustre performance — although it was only towards the end of the year, by which time the price of tea had halved, that it became clear just how poor these profits would be — and the shares held steady at 312p. Eastern Produce has sustained its diversification programme—into citrus fruits, coffee, engineering and land—but its profits are still hostage to the fortunes of the tea price. In the last month or so tea has staged something of a resurgence, thanks to reduced output in India and Kenya and increased consumption. The abolition of the Malawi export levy should buoy earnings, although the fluctuation in tea producing rates—Eastern auctions off its tea in local currencies—will not. Should the tea price continue to strengthen Eastern could muster profits of £10m and a p/e of 6.5 in 1986. But if the tea price weakens or the court rules against it Eastern's profits will

Photax recovery continues

Photax (London) is continuing its recovery with an increase in pre-tax profits from £30,000 to £110,000 for 1985. Earnings are 0.8p (loss 2.4p) per share but there is not yet a return to ordinary dividends—the last payment was for 1981.

As regards the current year, the directors say sales in the first quarter have been slow, but they remain confident that the general improvement in the trading position can be maintained.

They state that the value of sterling was lower against the yen and DM, the currencies in which most cameras and ancillary equipment are paid for, and this has given all photographic importers the choice of either reduced margins or increased prices—or both.

Falling orders hit Fothergill

Progress at Fothergill & Harvey, maker and supplier of specialist materials for industrial use, was interrupted in the second half of 1985 by reduced orders, particularly for glass fabric.

With interest charges rising from £17,000 to £257,000, the pre-tax profits for 1985 rose only 6 per cent, from £2.57m to £2.74m. Turnover came to £34.25m (£30m).

A reduced tax charge of £949,000 (£1.1m) pushes earnings up from 11.82p to 14.25p and a final dividend of 6p lifts the net total to 8.75p (8.25p).

Coloroll bid letter

Mr John Ashcroft, chairman of Coloroll, has sent another letter to Staffordshire Potteries shareholders urging them to accept his offer for the company which closes on April 17.

He says the claim made in the Staffordshire defence that the group's recovery is gathering momentum cannot hide the fact that *the interim profits* before taxation have increased by less than the rate of inflation, and that Coloroll's pre-tax margin is almost double that for Staffordshire Potteries.

Duport forecasts doubled profits of over £5.3m

ALL Duport's 2.5m 7½ per cent redeemable convertible participating cumulative first preference shares of £1 have been converted into 10m new ordinary shares. The shares were held by Midland Bank Industrial Finance, which requested the conversion.

Midland intends placing them through J. Henry Schroder Wagg mainly with institutions.

The ordinary shares in issue rose to 54.32m as a result.

At the same time as the announcement the metal forming, furniture, plastics, computers and property concern made a profit forecast for the year to the end of January 1986 of not less than £5.3m, compared with £2.45m last time.

Earnings per 5p share, on the capital increased by the conversion, would be 7.5p against 4.24p. The board expects to be able to recommend a final payment of 1.95p net bringing the total for the year to 2.75p against 1.33p.

Directors say the profit improvement reflects the elimination of a major loss-maker and strong performance at Swish, where the advance shown in the first six months continued in the second.

Bridgtown Industries improved profitability continued and Vi-Spring again performed well. Elsewhere trading was satisfactory except for some deterioration in metal forming where demand in certain areas was weak.

The start to the present year has been satisfactory and directors are optimistic.

There are extraordinary items estimated at £200,000, being mainly the cost of reorganisation of £2m less the £1.8m arising from the liquidation of Duport Steel.

River & Merc allocations

Both classes of shares in River and Mercantile's split level investment trust, the Geared Capital and Income Trust 1999, have been oversubscribed. After taking account of the 75 per cent of the issue which had been firmly allocated to institutions, the income shares were oversubscribed 1.4 times, and the capital shares 3.3 times.

The capital shares will be allocated as follows: applications for up to 5,000 shares will be allocated in full, between 7,500 and 35,000 will get 40 per cent of the number applied for with a minimum allocation of 5,000 shares, and 40,000 or more will get 15 per cent of the application with a minimum of 14,500 shares.

Applications for up to 18,000 income shares will be allocated in full, while those for more than 19,000 will get 60 per cent of the application with a minimum of 18,000 and a maximum of 250,000 shares.

Municipal Props.

Municipal Properties raised pre-tax profits from £342,460 to £399,056 in 1985. Earnings per 50p share were 49.88p (39.35p), and the net dividend is up to 12.1p (11p).

Guinness

Guinness yesterday accused Argyll of boosting its share price by buying a large number of its own shares. It said that the company had recently purchased one m[illegible] its own shares at a cost of £9.1m. Mr Rupert Faure Walker, of Argyll's merchant bank Samuel Montagu said Argyll had not bought a particularly large number of its shares and the reason for the rise in its price was that the selling of its shares by Distillers and Guinness had now been absorbed.

M.Y. Dart bids for Standard Fireworks

M.Y. Dart, the packaging, sports equipment and pyrotechnics group, is to take over Standard Fireworks in an agreed bid valued at £7.76m.

Standard, which employs 470 people, is the UK market leader in fireworks and pyrotechnics with a turnover of over £7m followed by Astra Holdings (£2.2m) and Haley & Weller (£1.2m), an M.Y. Dart subsidiary.

Standard expects its pre-tax profits to fall from £1.29m to £1.05m in the year ended March 1986 because of the severe winter weather. Its turnover fell marginally from £7.28m to £7.11m.

The two companies said they believed their product ranges were complementary with Standard making fireworks for leisure and entertainment use and M.Y. Dart's Haley & Weller subsidiary making products for defence applications.

Mr Derrick Worthington, managing director of Standard, said there would also be particular benefits in the area of packaging products.

The combined company plans to make further acquisitions. A number of small firework companies have merged recently and a further concentration of the market is expected.

M.Y. Dart is offering 12 of its own shares and 150p in cash for every five Standard shares. There is a cash alternative worth 139p per share.

M.Y. Dart's shares were unchanged at 45p yesterday. At this price the offer is worth 138p per share. Standard's shares rose 3p to 138p.

Full acceptance of the offer would lead to the issue of 13.48m new M.Y. Dart shares, which would represent around 40 per cent of the share capital of the combined company.

After the completion of the merger Mr Worthington and Mr Robin Napier, chairman of Standard will join the M.Y. Dart board.

Sale Tilney calls for £9.3m

By Richard Tomkins

Sale Tilney, food, manufacturing and financial services group, is to raise £9.3m net through a two-for-seven rights issue at 225p a share.

The proceeds will be used to pay off the cost of building a cereals production factory at Hastings and to help fund further acquisitions for its financial services division.

The shares closed 5p down at 255p yesterday.

The issue document shows net borrowings of £12.5m at March 20 1986, representing 92 per cent of shareholders' funds.

The company says that in the last two years it has spent more than £8m on plant and machinery, mainly for the food division, with another £1m on acquisitions for the technology and financial services divisions.

Sale's statement that part of the proceeds will be used to fund cash elements of acquisitions suggests that further share issues will be made.

Ulster TV over £1m

Ulster Television, the independent television programme contractor for Northern Ireland, raised pre-tax profits from £946,000 to £1.05m for the half year to January 31 1986. Turnover amounted to £9.73m, against £8.05m.

After tax of £885,000 (£359,000) earnings per share increased from 12.23p to 13.59p. The interim dividend is stepped up to 2.9p (2.5p) net last year's total was 5.25p on £1.6m profits.

Television operating profits rose to £742,000, against £632,000. Investment income added £98,000 (£59,000), but there was a reduced profit of £197,000 (£255,000) on disposal of an investment.

Ellis & Everard

Ellis & Everard, the Bradford-based chemical merchant and processor, is early next week expected to announce a UK acquisition. Its share price closed 17p up at 229p.

Promotions House

The acrimonious take-over of Promotions House by WPP, the vehicle of former Saatchi and Saatchi finance director Mr Martin Sorrell, has now led to three WPP directors being appointed to the board. WPP has more than 50 per cent of Promotions House, but if the offer does not become unconditional the three nominees of WPP have agreed to resign.

Share Drugs

In the Share Drugs rights issue the Prince family, which holds 76 per cent of the company's equity will sell some of its rights under the issue in order to raise capital to take up the rest of its entitlement.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday April 11 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs April 10 Index No.	Wed April 9 Index No.	Tues April 8 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	732.94	+0.7	7.94	3.26	15.87	3.97	727.71	717.71	722.20	545.01	737.75	3/4	567.56	14/1	737.75	3/4/86	50.71	13/12/74
2	Building Materials (25)	815.36	−0.5	8.07	3.33	15.55	1.60	819.16	818.55	823.59	494.41	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (28)	1149.83	+0.2	7.93	3.89	16.73	5.65	1147.37	1143.60	1152.06	699.90	1175.53	20/3	911.08	23/1	1175.53	20/3/86	71.48	2/12/74
4	Electricals (12)	2052.68	+1.2	6.85	3.70	19.37	2.14	2028.45	1976.19	1984.22	1559.82	2052.88	11/4	1530.81	2/1	2052.88	11/4/86	84.71	25/6/62
5	Electronics (38)	1706.16	+1.6	8.61	2.66	15.27	8.56	1679.27	1626.40	1633.52	1675.84	1758.99	12/3	1387.53	24/1	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (64)	414.00	+0.4	8.68	3.69	14.37	2.63	412.49	410.97	416.16	307.45	420.74	3/4	316.63	23/1	420.74	3/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	338.22	+1.4	6.87	5.07	19.38	0.00	333.52	331.07	335.52	191.15	338.22	11/4	241.87	2/1	338.22	11/4/86	49.65	6/1/75
9	Motors (17)	299.18	+1.7	8.49	3.20	13.76	2.81	294.08	285.70	289.24	164.64	299.18	11/4	206.50	14/1	299.18	11/4/86	19.91	6/1/75
10	Other Industrial Materials (22)	1326.72	+0.6	6.25	2.98	19.13	11.08	1318.90	1307.60	1305.74	923.64	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (185)	959.42	+0.8	7.12	2.95	17.76	4.33	951.69	932.84	943.57	633.25	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (23)	965.78	+1.3	8.16	3.16	15.60	4.15	953.05	937.49	944.53	564.99	968.90	3/4	764.25	14/1	968.90	3/4/86	69.47	13/12/74
25	Food Manufacturing (22)	700.49	+1.6	8.52	3.66	15.32	3.89	689.17	687.63	688.58	491.63	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (14)	1975.73	+2.0	6.08	2.32	22.36	6.43	1937.25	1905.85	1918.07	1543.97	1975.73	11/4	1629.03	21/1	1975.73	11/4/86	54.25	11/12/74
27	Health and Household Products (10)	1582.12	+0.4	5.00	2.06	23.51	1.51	1575.39	1542.82	1562.58	983.50	1598.52	3/4	1175.61	14/1	1598.52	3/4/86	175.38	28/5/80
29	Leisure (24)	961.91	+0.8	7.42	3.63	17.52	10.07	953.81	936.73	946.42	659.45	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2377.37	+0.5	7.27	3.79	17.43	4.41	2366.67	2365.73	2375.97	1753.55	2407.02	4/4	1834.16	9/1	2407.02	4/4/86	55.08	6/1/75
33	Packaging and Paper (14)	464.04	+0.5	7.71	3.38	15.62	1.89	461.94	458.81	462.09	305.91	476.21	3/4	362.52	9/1	476.21	3/4/86	43.46	6/1/75
34	Stores (44)	929.99	−1.2	5.91	2.40	22.96	1.32	940.93	925.71	945.84	680.68	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	573.25	+0.6	8.40	3.15	13.63	0.43	569.88	568.72	567.90	319.04	574.41	3/4	375.50	14/1	574.41	3/4/86	62.66	11/12/74
36	Tobaccos (3)	1229.63	+3.6	10.43	4.23	11.19	20.60	1186.71	1099.53	1113.66	866.51	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (85)	837.76	−0.9	8.21	3.51	15.56	4.78	845.34	833.43	843.96	671.85	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (19)	918.98	+0.6	10.04	4.35	12.01	14.93	913.14	901.41	906.21	740.07	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	274.14	+0.3	7.06	3.62	16.86	3.81	273.31	267.16	272.87	182.62	274.14	11/4	205.37	23/1	274.14	11/4/86	45.34	2/1/75
45	Shipping and Transport (12)	1677.24	+0.7	7.26	3.58	16.81	14.45	1665.89	1652.84	1660.51	1157.00	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	997.88	−3.1	8.26	3.24	16.61	0.93	1029.31	1006.99	1027.18	826.19	1050.03	4/4	845.68	21/1	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (43)	1029.82	+0.7	7.00	3.22	17.61	2.67	1022.24	1018.53	1026.75	832.24	1053.25	3/4	866.26	9/1	1053.25	3/4/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	879.61	+0.4	7.58	3.16	16.71	4.42	876.23	861.39	870.39	628.85	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1194.15	+0.1	18.27	7.56	6.46	38.50	1192.59	1180.06	1183.19	1171.81	1196.14	20/3	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	908.37	+0.4	8.66	3.60	14.40	7.06	905.12	890.38	898.98	674.25	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (117)	627.76	+0.5	—	4.07	—	5.90	624.59	621.64	624.36	449.55	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	688.14	+0.7	16.91	4.82	8.24	12.90	683.19	680.17	685.75	422.36	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	898.54	+0.5	—	4.07	—	4.56	894.48	891.51	891.98	679.06	906.18	11/3	765.18	23/1	906.18	11/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	523.02	+1.1	—	3.96	—	4.38	517.38	509.46	513.44	334.77	523.02	11/4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (8)	1223.41	+0.1	7.37	3.83	18.07	11.87	1222.35	1245.79	1257.02	1176.71	1315.27	12/2	1191.01	[illegible]	1315.27	12/2/86	[illegible]	[illegible]
68	Merchant Banks (11)	364.55	−0.5	—	3.06	—	1.60	366.48	366.90	365.26	230.79	369.45	7/4	277.36	24/1	369.43	7/4/86	31.21	7/1/75
69	Property (50)	751.16	+0.2	5.40	3.30	24.83	3.81	749.75	745.37	747.65	[illegible]	751.57	3/4	635.84	29/1	751.57	3/4/86	56.01	20/4/65
70	Other Financial (25)	355.00	+0.1	7.35	4.11	16.32	1.64	354.63	353.65	353.56	287.24	362.48	4/4	297.95	20/1	362.48	4/4/86	33.29	17/12/74
71	Investment Trusts (103)	751.84	—	—	2.88	—	4.32	752.12	747.64	749.60	587.66	759.99	3/4	633.36	14/1	759.99	3/4/86	71.12	13/12/74
81	Mining Finance (3)	305.51	−0.8	10.88	5.22	10.71	1.60	307.92	309.45	315.12	303.67	331.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	693.83	+0.5	12.46	5.95	9.54	8.09	690.18	690.73	695.27	653.47	702.43	7/4	597.55	2/1	702.43	7/4/86	97.37	6/1/75
99	ALL-SHARE INDEX (737)	825.53	+0.4	—	3.68	—	6.56	822.62	811.39	818.36	614.73	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Apr 10	Apr 9	Apr 8	Apr 7	Apr 4	Year ago	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	1694.1	+3.8	1699.5	1685.5	1690.3	1659.0	1675.7	1688.5	1709.7	1269.3	1717.6	3/4	1206.1	3/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Apr 11	Day's change %	Thurs Apr 10	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	124.08	+0.34	123.66	—	3.43
2	5-15 years	148.31	+0.50	147.57	—	3.52
3	Over 15 years	157.92	+0.54	157.46	0.39	4.00
4	Irredeemables	178.47	+0.52	177.56	—	1.62
5	All stocks	142.89	+0.45	142.30	0.05	3.60
	Index-Linked					
6	5 years	112.11	+0.01	112.10	—	0.81
7	Over 5 years	114.05	−0.02	114.08	—	0.91
8	All stocks	113.70	−0.02	113.72	—	0.90
9	Debentures & Loans	124.25	+0.06	124.17	—	2.48
10	Preference	85.70	+0.02	85.60	—	2.17

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 11	Thurs Apr 10	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	7.81	7.94	10.61	10.26	20/1	7.81	11/4
2	Coupons	15 years	8.40	8.45	10.61	10.65	20/1	8.40	11/4
3		25 years	8.42	8.46	10.17	10.65	20/1	8.42	11/4
4	Medium	5 years	8.79	8.89	11.53	11.89	14/1	8.79	11/4
5	Coupons	15 years	8.76	8.82	10.90	11.15	20/1	8.76	11/4
6		25 years	8.74	8.78	10.36	10.74	20/1	8.74	11/4
7	High	5 years	8.89	8.98	11.62	12.07	20/1	8.89	11/4
8	Coupons	15 years	8.88	8.94	11.05	11.32	20/1	8.88	11/4
9		25 years	8.87	8.90	10.51	10.81	20/1	8.87	11/4
10	Irredeemables†		8.47	8.51	9.99	10.35	27/1	8.47	11/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs.	3.52	3.50	0.0	5.18	14/1	3.35	8/4
12	Inflat'n rate 5%	Over 5 yrs.	3.55	3.54	0.0	4.01	20/1	3.54	10/4
13	Inflat'n rate 10%	5 yrs.	2.48	2.45	0.0	4.23	14/1	2.30	8/4
14	Inflat'n rate 10%	Over 5 yrs.	3.40	3.39	0.0	3.85	14/1	3.39	10/4
15	Debs &	5 years	10.00	10.02	12.90	12.78	27/1	10.00	11/4
16	Loans	15 years	9.90	9.91	11.72	11.93	4/2	9.90	11/4
17		25 years	9.81	9.81	11.52	11.83	4/2	9.81	9/4
18	Preference		11.19	11.19	12.72	12.18	24/2	11.19	11/4

♦ Opening index 1698.7; 10 am 1695.2; 11 am 1693.5; Noon 1691.2; 1 pm 1690.4; 2 pm 1689.4; 3 pm 1688.0; 3.30 pm 1685.8; 4 pm 1686.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/4/82	100.00
Office Equipment	16/01/70	162.74	Debs & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Haslemere Estates (69) and UKO International (48) have been deleted. Newman Tonks (2) has been inserted.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Conder	1	May 27	0.75	1.75	1.5
Eastern Produce	7.5	June 24	7.5	10	10
F & C Pacific	0.9	—	2.25	2.5†	3.75
Reabrook	1.75	July 11	1.3	2.5	1.9
Richards (Leicester)	2	July 7	Nil	3	Nil
Squirrel Horn	0.13	May 30	Nil	0.13	Nil
Ulster Television int	2.9	—	2.5	—	5.25

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes 1p special dividend now declared.

as Fiscal and Principal Paying Agent

INTERNATIONAL COMPANIES and FINANCE

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price p	+ or −	Net div.	Times covered	Gross yield	P/E ratio
160	F.P.	18/4	194	180	BPB Hldgs. 10p	[illegible]					
[illegible]	F.P.		140	120	Chillington Corp.	[illegible]					
[illegible]	F.P.		80	65	Do. Defd.	[illegible]					
165	F.P.	18/4	195	180	Gold Greenlees T. 5p	[illegible]					
105	F.P.	18/4	195	168	Jarvis Porter 10p	[illegible]					
180	F.P.		188	183	Lee Intl.	[illegible]					
120	F.P.	24/4	138	120	Menvier-Swain 5p	[illegible]					
[illegible]	F.P.		96	95	NMC Inv. Wrnts.	[illegible]					
145	F.P.	4/4	177	155	PPL 10p	[illegible]					
120	F.P.		900	700	Rodime 5p	[illegible]					
63	F.P.	4/4	85	80	Splice 5p	[illegible]					
215	F.P.	1/8	234	215	Templeton Galbraith	[illegible]					
100	F.P.	27/8	108	96	Throgmorton USM	[illegible]					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price £	+ or −
99.99	£25	11/7	25¼	24¼	ASDA Prop. 10¾% 1st Mt. Deb. 2011	[illegible]	
100	F.P.		110¾	109½	Aberdeen (City of) 10.5% Red. 2011	[illegible]	
98.8	£25	25/4	37	30	American Medical Intl. 9¼% Uns. Ln. 2011	[illegible]	
95.587	F.P.	18/4	106¼	104¼	Brit. Land 10¼% 1st Mort. Deb. 2019	[illegible]	
[illegible]	[illegible]		[illegible]	110p	Chillington 9¼% Cum. Red. Pref.	[illegible]	
100	£10		[illegible]	10¾	Colne Valley Water 10% Red. Deb. 2011	[illegible]	
[illegible]	[illegible]	27/6	133p	120p	Devenish (J.A.) 4.5% Cnv. Cnd. Pref.	[illegible]	
[illegible]	Nil	29/5	5ppm	3ppm	Electron-Elec 8.5% Cnv. Cum. Red. Pref.	[illegible]	
[illegible]	F.P.	9/5	107p	104p	FNFC 6.5% Cnv. Cum. Red. Prf.	[illegible]	
[illegible]	F.P.	10/4	109½	104p	Glass Glover 6¾% Cnv. Cum. Red. Pref.	[illegible]	
[illegible]	F.P.	10/4	106p	104p	Greenall Whitley 5.95% Cum. Red. Pref.	[illegible]	
99.11	£15	8/5	111¾	99¼	Hampton Tst. 11¾% 1st. Mort. Deb. 2016	[illegible]	
94.917	£20	25/4	29	19½	Inter-Am Dev Bk 9¾% Uns. Ln. 2015	[illegible]	
[illegible]	F.P.		137p	119p	Marcrest 6% Conv. Uns. Ln. 2000	[illegible]	
[illegible]	F.P.		100½	100	Nationwide Bldg. Soc. 10¼% 6/4/87	[illegible]	
[illegible]	F.P.	4/6	192p	140p	Parkfield 7% Conv. Cnv. Pf.	[illegible]	
99.825	£40	30/6	40¼	39¼	Smith Hldgs. 9¼% 1st. Mort. Deb. 2011	[illegible]	
[illegible]	£40		42¼	41¾	Queens Moat 10¼% 1st. Mort. Deb. 2020	[illegible]	
97.308	£25	25/4	40½	29½	Samuel Props. 11¼% 1st. Mort. Deb. 2018	[illegible]	
[illegible]	F.P.		119	118½	Security Trust Scotland 12% Deb. 2013	[illegible]	
99.468	£25	18/7	30¼	24¾	S.&U. 10½% Mort. Deb. 2016	[illegible]	
[illegible]	Nil	25/5	2ppm	1ppm	Ward White Cnv. Pf.	[illegible]	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price p	+ or −
140	F.P.		425	390	Allide Hlgs.	390	+15
50	Nil	30/5	17pm	15pm	Aquascutum A 5p	15pm	−1
250	Nil		70pm	60pm	Assoc. Newspapers	65pm	+5
30	Nil		11pm	9pm	Basso Ches. 10p	11pm	
140	Nil	12/5	33pm	16pm	Great Nicholson 5p	23pm	+3
200	Nil	18/6	380	365	Cullens Hldgs. 10p	380	+5
370	Nil		88pm	70pm	Grattan	80pm	−2
207	Nil	23/5	33pm	25pm	Greycoat (10p)	28pm	+3
150	F.P.	9/5	218	208	Heywood Williams	210	
152	F.P.	8/5	121	108	Jacobs (W.R.)	120	+5
730	Nil		77pm	75pm	Lon. & Manchester Grp.	70pm	−7
85	Nil	2/5	17pm	11pm	Martin (A.) 5p	12pm	
65	Nil	23/5	10pm	5pm	Pentos	5pm	
100	F.P.	29/4	212	146	Thomson T-Line	212	+15
175	Nil		40pm	38pm	Turner & Newall	38pm	+3
70	Nil		75pm	48pm	Wall. 5p	55pm	+7
495	F.P.	2/5	581	561	Wolseley-Hughes	570	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. Q Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. r Indicated dividend: cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. † Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ¶¶ Introduction. * Issued by way of capitalisation. § Placing price. ‡ Reintroduced. ¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Allotment price. Unlisted securities market. †† Dealt in under Rule 535 (3). • Dealt in under Rule 535 (4) (a).

BANK RETURN

BANKING DEPARTMENT

	Wednesday April 9, 1986 £	Increase (+) or decrease (−) for week £
LIABILITIES		
Capital	14,553,000	
Public Deposits	79,764,058	− 396,119
Bankers Deposits	871,735,466	− 53,516,272
Reserve and other Accounts	1,493,391,810	− 6,089,669
	2,459,434,344	− 59,994,050
ASSETS		
Government Securities	489,256,195	− 28,440,000
Advance & other Accounts	608,083,417	+ 1,005,092
Premises Equipment & other Secs.	1,356,368,025	− 32,551,300
Notes	5,541,551	− 20,134
Coin	185,156	+ 20,288
	2,459,434,344	− 59,994,050

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation	12,233,548,339	− 340,030,194
Notes in Banking Department	5,461,661	− 20,194
	12,250,000,000	− 340,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	3,049,271,754	+ 814,696,408
Other Securities	9,189,713,146	− 1,154,696,408
	12,250,000,000	− 340,000,000

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*571)	500	77	98	102	2	4	12
	550	32	60	75	4	17	27
	600	3	32	45	35	40	50
Cons. Gold (*474)	460	33	55	70	10	22	30
	500	10	35	50	45	60	60
	550	3	20	37	80	87	90
Courtaulds (*299)	260	43	49	58	1	4	8
	280	23	37	44	2	6	14
	300	8	25	35	9	15	20
	330	2	12	20	[illegible]	[illegible]	[illegible]
Com. Union (*335)	280	47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	300	37	45	58	4	7	13
	330	7	27	34	11	15	22
Cable & Wire (*702)	600	110	140	155	3	7	12
	650	60	105	118	7	15	30
	700	20	70	85	15	30	50
	750	7	42	60	50	60	75
Distillers (*710)	550	160	180	195	1	2	3
	600	110	135	145	1	3	5
	650	60	90	100	3	5	10
	700	16	48	65	15	18	22
G.E.C. (*199)	160	42	48	50	1	2	[illegible]
	180	22	30	35	1	4	6
	200	3	15	23	6	10	12
	220	1	7	13	22	24	25
Grand Met. (*483)	330	98	117	120	1	3	4
	355	72	92	103	1	4	6
	390	45	70	80	1	7	12
	420	11	40	60	12	25	30
I.C.I. (*937)	800	142	170	194	1	4	6
	850	92	132	157	2	7	12
	900	45	95	120	6	15	22
	950	12	60	85	27	35	45
	1000	3	27	47	65	70	75
Land Sec. (*315)	280	35	43	49	1½	3	6
	300	17	27	32	3	6	10
	330	2	11	17	22	23	26
Marks & Sp. (*205)	160	50	58	66	1	2	3
	180	30	40	45	2	4	6
	200	12	25	32	4	8	11
Shell Trans. (*761)	700	75	92	103	4	10	15
	750	35	62	72	12	25	30
	800	5	35	45	42	47	57
Trafalgar Hse. (*308)	300	14	30	40	6	10	14
	330	3	17	27	25	30	30

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Brit. Aero (*588)	460	108	125	140	2	4	8
	500	75	92	120	4	8	10
	550	35	65	85	7	20	30
	600	13	35	60	30	40	50
BAT Inds. (*403)	330	103	116	130	1	2	3
	360	73	85	100	2	4	6
	390	45	60	75	3	8	14
	420	25	42	55	17	26	28
Barclays (*524)	460	77	92	107	3	5	7
	500	45	68	80	8	12	16
	550	17	40	50	35	35	40
	600	7	22	35	77	82	87
Brit Telecom (*258)	220	44	50	56	2	5	5
	240	25	33	40	3	8	8
	260	10	22	30	12	13	15
	280	5	12	18	23	25	28
Imperial Gr. (*348)	300	53	65	74	2	4	4
	330	25	38	52	8	12	14
	360	10	21	35	27	30	35
LASMO (*145)	180	30	38	47	6	8	18
	120	18	30	35	11	15	19
	140	10	19	25	22	25	28
	160	5	10	18	30	35	40
Lonrho (*266)	240	48	55	[illegible]	2	4	[illegible]
	260	20	35	43	6	10	13
	300	10	21	31	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
P.&O. (*550)	460	142	155	—	1	2	7
	500	103	115	125	1	4	7
	550	63	85	95	4	7	16
	600	30	55	67	20	40	60
Racal (*204)	160	46	50	53	1	2	3
	180	30	44	40	6	6	8
	200	18	25	30	9	13	16
	220	8	17	25	18	23	28
R.T.Z. (*705)	600	75	81	105	8	27	32
	650	40	54	82	25	37	47
	700	15	40	62	35	57	70
	800	7	30	31	110	113	110
Vaal Reefs (*[illegible])	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TR 11pc 1991 (*£111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TR 12pc 1992 (*£126)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
Beecham (*401)	330	81	90	102	3	4	5
	360	48	60	72	5	9	12
	390	30	45	55	12	15	22
	420	15	28	40	23	32	35
Boots (*273)	240	33	40	45	1	4	7
	260	20	27	33	11	14	17
	280	7	17	25	14	20	24
BTR (*475)	420	67	85	[illegible]	2	5	7
	460	40	55	68	13	15	20
	500	20	37	48	35	37	40
Bass (*802)	750	105	130	165	7	12	15
	800	70	95	135	22	35	40
	850	40	65	105	55	62	70
Blue Circle (*670)	600	80	97	125	7	10	12
	650	50	70	90	17	30	35
	700	25	48	65	47	55	60
De Beers (*$7.57)	700	115	130	150	15	20	25
	750	85	95	125	35	45	55
	800	55	75	105	55	65	75
GKN (*368)	300	80	94	105	1	3	4
	330	50	61	78	2	5	7
	360	27	42	57	10	13	17
Glaxo (*1010)	900	148	170	185	10	12	15
	950	106	130	152	20	24	30
	1000	84	100	130	40	45	55
Hanson (*180)	160	25	30	35	2	3	4
	180	10	20	27	7	9	12
	200	4	9	14	20	22	25
Jaguar (*470)	420	65	83	90	5	10	13
	460	35	57	67	17	23	26
	500	17	38	47	42	50	55
Thorn EMI (*490)	460	100	113	123	4	6	8
	500	65	80	95	12	15	18
	550	30	45	60	37	40	45
Tesco (*375)	330	78	85	95	5	7	8
	360	50	60	75	7	11	15
	390	27	37	50	16	20	27

Option		Calls Apr.	Calls May	Calls June	Calls July	Puts Apr.	Puts May	Puts June	Puts July
FT-SE Index (*1686)	1575	113	127	152	—	1	2	4	—
	1600	90	100	117	132	1	3	6	9
	1625	65	80	97	110	2	5	9	12
	1650	40	60	77	92	4	8	14	17
	1675	22	42	58	75	10	13	22	25
	1700	10	30	45	60	23	27	35	40
	1725	5	15	35	47	45	50	55	60
	1750	1	10	25	37	65	80	100	105

April 11. Total contracts 22,615 Calls 17,452 Puts 5,163 *Underlying security price.

Price cuts check IBM earnings

BY PAUL TAYLOR IN NEW YORK

INTERNATIONAL BUSINESS MACHINES (IBM), the world's largest computer manufacturer, yesterday reported a meagre 3.1 per cent advance in first quarter net earnings coupled with a 0.3 per cent decline in worldwide equipment shipments.

The group, whose earnings have been the subject of considerable speculation on Wall Street, cited an uncertain North American economy and slow growth in capital spending to explain its lacklustre first quarter performance.

IBM said first quarter net earnings increased to $1.0bn or $1.65 a share from $988m or $1.61 in the year ago period on total revenues that grew by 3.7 per cent to $10.13bn from $9.77bn.

The Armonk, New York-based group's earnings were towards the bottom end of an unusually wide $1.40 to $2.05 a share range of Wall Street industry analysts' estimates.

Most of these estimates had already been marked down after IBM's warning in late February that recent price reductions on its mainframe machines would have some negative effect on its first quarter earnings. As a result IBM's share price had fallen sharply from a peak of $161-a-share in February.

Early yesterday, in the wake of the earnings release, IBM's share price gained $1.25 to $151¼, mainly reflecting relief on Wall Street that the results were not worse.

Overall IBM noted that after-tax margins slipped to 10 per cent from 10.1 per cent a year ago and before tax margins held steady at 18.1 per cent. Earnings before taxes grew by 3.6 per cent to $1.82bn from $1.7bn a year earlier.

Mr Akers added: "Our approach to 1986 continues to be one of caution, especially with regard to North America. We are managing product costs, expenses, and resources prudently to sustain the increases in productivity achieved in recent years. Investments in research, development, plant, and equipment will continue as we prepare for future growth.

"We remain optimistic about the future of IBM and the overall computer industry, despite uneven rates of growth in the short term."

IBM said its higher first quarter net income was boosted by an estimated $140m by the lower US dollar.

The lower value of the dollar added an estimated $915m to gross income in the 1986 *quarter, the company said.*

The company's provision for income taxes in the quarter rose to $815m from $783m a year ago.

IBM said it had kept in place its plans to manage costs and invest in new products and facilities "as we prepare for future growth."

"We remain optimistic about the future of IBM and the overall computer industry," Mr Akers said, "in spite of uneven rates of growth in the short term."

The company reported profit margins virtually unchanged on both a net and a pre-tax basis. It reported a continuation of the trend in the previous quarter in which service revenue was up sharply, but sales were flat and rentals down.

The gross income from services rose to $3.21bn from $2.44bn a year ago. But sales fell to $6.10bn from $6.12bn and rentals to $812m from $1.2bn.

BHP in talks with Elders after raid

BY OUR FINANCIAL STAFF

MR JOHN ELLIOTT met for several hours in Melbourne yesterday with the board of Broken Hill Proprietary (BHP) following Thursday's A$1.6bn (US$1.14bn) stock market raid which is expected to have made his Elders IXL the biggest single shareholder in Australia's largest company.

No statement emerged after the meeting although Elders, an acquisitive brewing and farm services group, reported to the stock exchange authorities an initial 18.52 per cent stake in BHP. This is expected to approach 20 per cent by the time all purchases locally and in London are collated.

The holding compares with the 18.7 per cent of BHP which Mr Robert Holmes à Court's Bell Resources acknowledged on Thursday as its entitlement.

BHP shares dipped 24 cents in Sydney yesterday from the A$7.36 a share paid by Elders. Bell plans to bid A$7.70 a share for half of each holding, but BHP has moved to challenge his offer in the courts.

Yesterday Bell turned the tables by filing a federal suit which contests a BHP profit forecast issued last month. It claims BHP's projections are misleading particularly in relation to the exchange rate and to prices for oil, which accounts for more than half the company's earnings.

Meanwhile Adelaide Steamship—the company headed by Mr John Spalvins which has acted as Mr Holmes à Court's associate in building a BHP stake over the past year—announced that it had sold a 2.18 per cent stake in BHP from its earlier holding of about 7.11 per cent.

The sales, almost all to Elders on Thursday, would mean that Adelaide may have to buy more BHP in the market at a future date. This is in order to fulfil an option agreement which it has with Bell—itself the subject of a BHP legal suit.

Emilia Tagaza adds from Canberra: Mr Bob Hawke, the Prime Minister, was yesterday under pressure from the parliamentary opposition to dismiss Mr John Dawkins, the Trade Minister, and Senator John Button, the Industry and Commerce Minister. The two failed to disclose possible conflicts of interest involving corporate and family shareholdings while they sat on a cabinet committee to judge if the government should intervene in the BHP takeover bid by Bell Resources.

First Chicago posts 58% rise

BY TERRY DODSWORTH IN NEW YORK

FIRST CHICAGO, the tenth largest US banking group, announced a 58 per cent jump in first quarter earnings yesterday, despite a significant increase in loan loss provisions.

The rise reflects the general rise in earnings being reported by the big US banks as they benefit from declining interest rates and buoyant securities markets, although in First Chicago's case the increase came from non-interest items. Net income rose to $63m, or $1.06 a share, against $39.9m, or 68 cents, in the same quarter of last year.

First Chicago's profits were struck after setting aside $100m for loan losses against $80m in the same quarter a year ago. The higher provision came against a background of rising non-performing loans at the bank, which said that assets in this category had increased to $945m, or 3.8 per cent of its loans and real estate, compared to $768m, or 3 per cent, last year.

During the quarter, First Chicago wrote off a net total of $71.7m of its problem loans, against $65.3m in the same period a year ago. The company added that it believed its non-performing assets were now at or near their peak for 1986. Virtually all of the increase in non-performing loans was attributable to a small number of loans to the energy industry and one property loan, it said.

The big surge in profits came from non-interest income, which rose to $187m in the quarter against $122.8m in 1985. Within this total, a turnaround in foreign exchange earnings was the biggest item, with earnings this year of $24.2m contrasting with a loss of $4.6m a year ago. Profits on the group's trading account jumped to $12m compared to $3.7m in 1985.

Net interest income declined to $283.5m from $288.5m, because of a fall in earnings asset volume, which offset higher net interest margins.

Lesieur in the red and cuts payout

By Paul Betts in Paris

LESIEUR, the French edible oil and food group, reports a consolidated net loss of FFr 8m ($1.03m) for 1985 compared with earnings of FFr 56m the year before. The dividend is to be cut.

The loss reflects heavy restructuring costs and an increase in the losses of the group's French fats business. Household products and the Koipe Spanish subsidiary stayed profitable.

Sales last year declined 2 per cent to FFr 9.3bn from FFr 9.4bn. The company said operating profits, excluding the exceptional charge for the restructuring costs, were 29 per cent lower at FFr 41m *compared with FFr 58m.*

The company said that its operating performance had however continued to improve in the fourth quarter of last year and that earnings should recover following the restructurings of 1985.

Lesieur added that its French fats business should also break even this year.

Van Ommeren pays same

By Our Financial Staff

VAN OMMEREN, the Dutch shipping and tank storage group, is maintaining its dividend for 1985 following a modest rise in profits for the year.

Net earnings have improved from Fl 27.3m to Fl 327m ($124m), or from Fl 2.51 to Fl 3 a share. The dividend is being held at Fl 1.75 a share.

The company says it expects to maintain a steady increase in profits during the current year.

Bekaert raises dividend despite slower progress

BY OUR FINANCIAL STAFF

BEKAERT, the Belgian wire products group, reports slow profits progress for 1985, but is increasing its dividend.

As a result of the weakness of the dollar and the disposal of the group furniture business, sales for last year fell by almost 6 per cent to BFr 44.9bn. Net profit was little changed at BFr 2.9bn ($61.3m), against BFr 2.85bn.

However, the company plans to step up its dividend. The payment to shareholders is rising from BFr 175 a share to BFr 205, net of withholding tax. The special payout on the AVF stock is BFr 331, up from BFr 299.

In contrast to the group result, profits within the Bakaert parent company rose strongly, moving up to BFr 1.55bn, an increase of about 18 per cent. Parent company sales were *5 per cent higher at BFr 28.3bn.*

The outturn represents a second half setback for Bakaert which reported an increase of almost 10 per cent in net profits for the first six months of 1985 following good trading in steel cord which the group supplies to the world tyre industry.

At the time, however, Bakaert explained that its trading in the latter stages of the year would show a fairly dramatic slowdown. It forecast profits for the year that would be little changed on 1984.

Creditors sign Wah Kwong rescue deal

A TOTAL of 43 creditors of Wah Kwong, the troubled Hong Kong shipping group, have signed an interest payment plan to ensure normal operations until May 30, Reuter reports from Hong Kong.

A Wah Kwong official said four creditors had not participated in the plan but this would not affect the rescheduling of Wah Kwong's total debts of some US$ 855m.

The plan calls for creditors to release Wah Kwong's charter-hire revenues to meet the group's operating expenses and interest.

But the official said one of the four non-participating creditors had reserved the right to take legal action against the *group during the 50-day period.*

Singapore updates company rules

BY CHRIS SHERWELL IN SINGAPORE

AILING COMPANIES in Singapore will have a better chance of averting premature liquidation under amendments to the island state's Companies Act published on Thursday.

The amendments, the second to the Act in less than three years and a reflection of the corporate sector's troubled times, also require companies to publish more information in their accounts and give the government tougher powers of investigation.

However, a slight easing of a controversial clause which disqualifies directors of insolvent companies from holding similar positions again is said by lawyers to be inadequate since innocent directors could still find themselves unfairly penalised.

An explanatory statement published with the Bill says one of its main objects is to provide a "speedy and flexible procedure" for a company in financial difficulties to carry on by placing it under "judicial management."

The aim of such an arrangement, which appears similar in style to the Chapter 11 provisions of US bankruptcy law, is to help in the troubled company's rehabilitation, to approve a compromise with its creditors or to ensure a "more advantageous realisation of the company's assets than would be effected by a winding up."

The new powers of investigation allow the government to compel a company to produce its books and a present or past company official to explain them. The Bill prescribes hefty fines and imprisonment for non-compliance.

The provisions concerning disclosure require accounts to comply with a new and more comprehensive schedule of information.

Australian court freezes two holdings in ACI

BY OUR FINANCIAL STAFF

THE VICTORIA Supreme Court has frozen two holdings totalling 5.9 per cent of ACI International, the Australian glass and building products group, which is facing a hostile bid from a New Zealand-based investment company.

Ahead of a further hearing next Friday, the court has vested with securities authorities *18.7m shares in ACI held* by Gammon Nominees and 1m held by Elders Superannuation.

ACI had alleged breaches of disclosure requirements in *relation to the proposed bid by* Equiticorp Tasman, which is seeking to raise its stake in ACI from 18.2 per cent to about 43 per cent.

ACI is valued by the offer at about A$1.3bn (US$929m).

Aegon lifts profits 16%

BY LAURA RAUN IN AMSTERDAM

AEGON, the second largest Dutch insurance company, lifted net income 16 per cent to Fl 307.5m ($116.9m) in 1985 on improved profits in its life and health lines. The dividend is raised by 30 cents to Fl 3.20.

The insurer predicted that net profit per share in 1986 would more or less match the Fl 9.46 achieved for last year despite a 7 per cent increase in the number of shares outstanding. Revenues for this year, however, may decline due to lower inflation, Aegon said.

Group revenue edged up only 3 per cent to Fl 8.7bn in 1985, with nearly half of that coming from abroad. The dramatically lower dollar has put pressure on income, which would have shown a 6 per cent increase when excluding currency fluctuations.

Earnings in life insurance, the largest of Aegon's activities, developed satisfactorily although operations in the Netherlands lagged somewhat behind 1984 due to larger provisions for *higher mortality* rates. Life insurance in the US, where Aegon has sizeable operations, also failed to match the exceptionally high level achieved in 1984.

In the US, accident and health insurance—the second most important activity—continued at the same buoyant pace of the previous year. But in the Netherlands losses in general insurance rose again mostly on auto insurance.

Premium income edged up 1 per cent and investment income grew 7 per cent chiefly due to US operations. US revenue surged 16 per cent on life and health premium income while that in the Netherlands rose only 4 per cent on a drop in life premium income.

Premium income from other general insurance, both in the Netherlands and abroad, declined nearly 4 per cent.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$330	140	7	48	208	—	—	$342.80
GOLD C	$350	108	3.50	38	17	—	—	"
GOLD C	$370	66	1.80	13	11	35	18	"
GOLD C	$380	—	—	15	8	—	—	"
GOLD C	$390	—	—	250	5.50	—	—	"
GOLD C	$400	—	—	5	6	—	—	"
GOLD P	$320	25	2.50	10	5.70	78	10	"
GOLD P	$340	—	—	31	10.50	1	12	"
GOLD P	$360	—	—	20	25	1	25	"

Series		June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
$/FL C	FL385	10	7.00	—	—	—	—	FL383.90
$/FL C	FL390	20	4.50	—	—	—	—	"
$/FL C	FL400	10	2.00	2	4.70	—	—	"
$/FL C	FL410	31	1.20	20	11.30	102	15	FL259.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Series		Apr. Vol.	Apr. Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	FL620	75	2.20	189	11.80	5	27	FL584
ABN P	FL580	31	2.50	31	32.50	8	33.50	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 61,557.

A=Ask B=Bid C=Call P=Put

US QUARTERLIES

BAYBANKS Banking	1986 $	1985 $
First quarter		
Net profits	12.8m	9.7m
Net per share	1.91	1.52

CERTAIN-TEED Building materials	1986 $	1985 $
First quarter		
Revenue	254.9m	252.9m
Net profits	10.5m	8.2m
Net per share	0.56	0.41

NCNB Banking	1986 $	1985 $
First quarter		
Net profits	53.2m	36.9m
Net per share	1.36	1.04

NORTH AMERICAN PHILIPS Electrical, electronic products	1986 $	1985 $
First quarter		
Revenue	1.03bn	1.01bn
Net profits	14.1m	27.7m
Net per share	0.49	0.96

OWENS-CORNING FIBERGLAS Glass fibre products	1986 $	1985 $
First quarter		
Revenue	866.1m	678.0m
Net profits	22.9m	28.0m
Net per share	0.77	0.95

OWENS-ILLINOIS Glass containers	1986 $	1985 $
First quarter		
Revenue	866.2m	858.4m
Net profits	30.8m	21.2m
Net per share	1.02	0.71

POTLATCH Forest products	1986 $	1985 $
First quarter		
Revenue	233.3m	234.7m
Net profits	12.4m	10.3m
Net per share	0.95	0.67

UNITED TELECOMMUNICATIONS Independent phone system	1986 $	1985 $
First quarter		
Revenue	793.6m	754.1m
Net profits	46.4m	58.9m
Net per share	0.47	0.64

WORLD STOCK MARKETS

NEW YORK

Stock	Apr. 10	Apr. 9
CPC Intl.	62	62¼
CSX	35⅝	34⅛
Cabot	28	27⅝
Cameron Iron	10⅝	9¾
Campbell Red L.	17¼	17½
Campbell Soup	53½	54¼
Can. Pacific	13	13⅛
Cap. Cities ABC	228½	233
Carlisle Corp	38¾	38⅝
Carolina Power	34¼	34⅛
Carpenter Tech.	36	35¾
Carter Hawley	30⅝	30½
Caterpillar	50½	49⅞
Celanese	204⅞	201½
Centel	51⅛	50¼
Centex	31	30¾
Central & SW	31½	31⅝
Certain-Teed	34⅞	33⅞
ChampHome Bld	3	2⅞
Champ Int	27⅞	27½
Champion Spark	9¾	9¾
Charter Co	2¾	2½
Chase Manhatt'n	47⅛	46
Chemical NY	54¼	52⅛
Chesebrough P.	45⅞	45⅛
Chevron	38½	37⅛
Chicago Pneum.	37	37
Chrysler	42½	40⅞

Stock	Apr. 10	Apr. 9
Gen Cinema	50	50
Gen Dynamics	86⅛	85⅜
Gen. Electric	76¼	76⅛
Gen. Instrument	19¾	19¾
Gen Mills	74⅜	73¼
Gen Motors	85⅜	82⅞
Gen Pub Utilities	19⅝	19½
Gen Reinsurance	123½	119½
Gen Signal	49½	49½
Gen Tire	74	74
Genentech	75¼	73¼
Genrad	10⅜	10⅛
Genuine Parts	42⅞	43⅛
Georgia Pac	33⅝	33
Gerber Prod	47⅞	48¼
Gillette	85½	85¾
Global Marine	1¼	1⅝
Goodrich (BF)	45½	43⅞
Goodyear Tire	32⅜	32½
Gould	24¼	24⅝
Grace	51½	50⅜
Grainger (WW)	40¼	39⅝
Gt. Atl. Pac. Tea	23¼	22¼
Gt. Nthn. Nekoo.	46⅝	46⅝
Gt. West Financl	41⅞	41⅝
Greyhound	35¾	35½
Grow Group	10⅞	10¾
Grumman	28¾	28⅝
Gulf & Western	60	59¼
Gulf States Utl	11⅞	12

Stock	Apr. 10	Apr. 9
McCulloch	15½	15½
McDermott Inc	16⅛	16¾
McDonalds	99¼	98
McDonnel Doug.	86⅞	86
McGraw Hill	57¼	55½
McKesson	58	56
Mead	49	47⅜
Media Genl	91¼	91
Medtronic	64⅞	64⅜
Mellon Natl	69⅜	67¾
Melville	62⅝	63
Mercantile Strs.	92	91
Merck	165¾	164
Meredith	76¼	76⅜
Merrill Lynch	39	39
Mesa Pet	3	3⅛
Micom Systems	15¼	15¼
Mid Sth Util	13⅜	15½
Millipore	68⅜	58¼
Minnesota Mine	98	98
Mitchell Energy	10⅝	10⅛
Mobil	29⅞	29¼
Mohasco	36¼	35⅞
Molex	45¼	42¾
Monarch M/T	17⅜	17⅝
Monolithic Mem.	18⅞	17¼
Monsanto	61½	60½
Moore McC'mck	27¼	27½
Morgan (JP)	83	78⅝
Morrison Knud	49	49

Stock	Apr. 10	Apr. 9
Revere Copper	16⅛	15½
Rexnord	18½	18¼
Reynolds(RJ)	46⅝	44¼
Reynolds Mtls	46⅜	46½
Rite Aid	29¼	29¼
Roadway Exps	40¼	40¾
Robbins (AH)	13	13½
Rochester Gas	27	26¾
Rockwell Intl	46¾	46⅝
Rohm & Haas	99⅝	99¾
Rollins	14⅝	14⅜
Rouse	31⅛	31½
Rowan	6⅛	5⅜
Royal Dutch	76⅝	75
Rubbermaid	39⅜	37¾
Ryan Homes	43⅜	43⅛
Ryder System	43	42⅝
Rymer	19⅞	19⅝
SPS Tech	33½	33¼
Sabin Court	13⅜	13⅜
Safeco	55⅛	54⅜
Safeway Stores	37¼	37⅛
St. Paul Cos	98¼	97
Sanders Assoc	40½	40⅞
Santa Fe SPac	36½	36⅜
Sara Lee	59⅞	59⅝
Saul Investment	17¼	17¼
Schering Plough	68¼	66⅞

Stock	Apr. 10	Apr. 9
Warner Lambt	53⅝	53⅛
Washington Post	155	152¾
Waste Mangmt	45⅛	45¼
Watkins-Johnson	32¼	31⅛
Weis Markets	36	36¼
Wells Fargo	90¼	87⅝
Wendy's Intl	21	20⅛
W. Point Peppl	54⅛	54⅛
Western Airline	11¼	11⅛
West Nth Am	1¼	1¼
Western Union	7	7
Westinghouse	55¼	55⅞
Westvaco	51	51
Weyerhaeuser	38	37¾
Wheeling Pitts	10⅛	10⅜
Whirlpool	69	68
White Cons	46¾	47
Whittaker	23⅛	23⅛
Willamette Inds	64¾	64¾
Williams Co	23⅜	23⅜
Winn-Dixie Str	38¼	39
Winnebago	19⅛	19¾
Wisc Elec Power	48⅝	48¾
Woolworth	77	77
Worthington	27¼	27¼
Wrigley	109	108½
Xerox	66⅜	65⅝
Yellow Frt Sys	33⅝	33⅝
Zapata	4⅛	4¼
Zayre	74¼	73⅛
Zenith Elect	23⅞	22⅝
Zero	20⅝	20⅜

WALL STREET

Lower on Libya jitters

STOCKS HEADED lower on Wall Street yesterday, after climbing in the morning, as IBM's earnings report failed to calm a recently nervous market, and long term interest rates and oil prices were on the rise, traders said.

By 1 pm the Dow Jones Industrial Average was down 8.46 to 1,785.84, reducing its rise on the week to 46.62, while the NYSE All Common index at $136.09 at noon, was off 34 cents on the day but up $3.50 on the week. Volume totalled 100m shares, while declines led advances by a four-to-three majority.

The possibility of US action in Libya, kept trading unnerved, while hopes of discount rate cut lent background support.

Takeover rumours were in the forefront. Gerber, up $5 at $53⅞, rose on vague merger rumours after a 1m share block was crossed by Drexel Burnham. There was no immediate comment from Gerber.

Sperry Corp were active and moved ahead $2⅝ to $56⅞—rumours that NCR might buy it in a share swap were cited. NCR firmed $⅞ to $44⅞.

Navistar led the actives, up $⅛ to $10⅝—Thursday a record 48m share block of Navistar was crossed, representing leader shares from its 1983 restructuring.

Capital Cities fell $12⅝ to $216—it said its earnings would be down in 1986.

CBS dipped $2⅞ to $135.

Johnson and Johnson further improved $⅞ to $62 on restructuring plan.

THE AMERICAN SE Market Value index put on 0.76 to 269.82, making a rise of 4.74 on the week. Volume 7.56 (8.52m) shares.

Closing prices for North America were not available for this edition.

BAT Industries topped the actives, up $⅛ at $6⅞.

CANADA

Stock prices surged higher into untested territory in active midday trading, spurred on by a broadly-based rally.

The Toronto Composite index climbed 19.1 to 3084.45. Oil and Gas 15.1 to 2775.0 and Golds 51.9 to 4080.9.

Hiram Walker Resources added $⅞ at $36⅜—it recommended shareholders accept a Trans-Canada Pipelines takeover bid of $36.50 a share. TransCanada rose $⅞ to $10⅞, while its 48 per cent owner Bell Canada firmed $⅛ to $33⅞. Gulf Canada, which earlier offered a competing Walker bid, rose $⅞ to $16⅞.

Dome Petroleum added 11 cents at $1.86, despite concern for its survival in light of its latest debt deferral plan.

TOKYO

Share prices rose in moderately active trading with buying focused on Domestic-orientated issues.

The Nikkei Dow Market Average gained a further 122.91 to 15,326.33. Turnover 530m (430m) shares.

Brokers said expectations of a further cut in the official discount rate helped boost Domestic-orientated issues. Housing and Utility Suppliers led the rise in the morning but buyers shifted focus to Biotechnologies and Consumer-related issues in the afternoon.

The broader-based Tokyo SE index rose 8.06 to 1,223.64.

Railroads, Utilities and Constructions also gained ground.

Brokers said renewed speculation over a redenomination of the yen boosted Printings and Papers and Pulps.

Precisions were mixed but export-related Electronics weakened on renewed worries over their profits for the past year.

HONG KONG

Sharply higher in the heaviest trading in more than a year, spurred by Thursday's news of a proposed private placement of Cathay Pacific Airways shares.

The Hang Seng index gained 25.64 to 1,784.21 on turnover of HK$ 650.91m (HK$ 563.98m)—the highest turnover since March 6, 1985.

Brokers noted heavy trading in Cheung Kong (up 30 cents at HK$20.8) and Hutchison Whampoa (up 70 cents at HK$29) which along with Hysan Development will each buy a 2.5 per cent stake in Cathay from Swire Pacific and HK Bank.

"Small" investors and European fund managers took profits as prices peaked in late morning trading but their sales were absorbed by strong demand from US institutions, brokers said.

HK Wharf rose 5 cents to HK$ 7.05—after the close it announced that it has formed a joint venture with Chemical Bank and the Bank of China's local branch to promote trade and investment in China.

AUSTRALIA

Sharply higher as investors, flush with cash after Elders IXL's buying spree Thursday, reinvested funds in Blue Chip Industrials.

The All Ordinaries index moved up 19.0 to a record 1214.6, while the All Industrials index jumped 42.1 to 1965.0. All Resources put on 2.3 to 646.9, Metals and Minerals 6.2 to 566.2, Solid Fuels 3.0 to 447.8 and Oil and Gas 3.9 to 480.9. The gold index rose 5.7 to 988.1.

National turnover 123.7m shares worth $A392.5m. Rises outnumbered falls 358-to-181.

BHP, which rose 74 cents Thursday, slipped back 24 cents to $A7.12 after Elders, up 18 cents at $A4.68, took its stake in the company to 19.9 per cent on the London market overnight. More than 20.3m BHP shares worth $A143.3m were traded yesterday.

Among Industrials, Amatil jumped 46 cents to $A8.00, IEL 42 cents to $A8.36, Brambles 30 cents to $A6.90 and FAI 18 cents to $A7.68.

Profit-taking hit News Corporation, which dropped 40 cents to $A18.70 on profit-taking.

Bankings were strongly sought.

Oil and Gas stocks were slightly firmer in thin trading.

GERMANY

Most leading shares surged higher in active trading as the doubts of the last two days evaporated amid optimism about interest rates.

The Commerzbank index of 60 leading shares, fixed at mid-session, rose 29.9 to a record 2,194.50, its third record of the week.

"Fears that the realignment of EMS exchange rates would depress the German Stock Market have proven false," said one analyst at a big West German bank.

Dealers said optimism that interest rates around the world have further room to come down was boosting shares here.

Particularly favoured were Banks, Cars, Insurance and Electricals. But a round of profit-taking knocked one to two marks off shares at the close.

In Banks, Deutsche rose DM 13 to 874.5—expects to announce record profits next week. Dresdner put on DM 7.50 to 482. Commerzbank and BHF, which each announced record profits Thursday, climbed DM 13.30 to 355.80 and DM 7 to 565 respectively. Insurer Allianz moved up DM 155 to 2,770.

In Autos Daimler surged ahead DM 67 to 1,457.

PARIS

Mixed in active trading. The market indicator was off 0.5 per cent at the closing bell, while advances outnumbered declines by 95-to-86.

Observers said the news that the Government had raised the 28-day on Thursday through an issue of Treasury Bills was chiefly responsible for the softer tone early in the day. The lack of movement on the domestic interest rate front was another factor keeping participants on the sidelines.

SWITZERLAND

Domestic shares were slightly firmer at the end of a fairly active session, aided by the overnight gain on Wall Street and a weaker dollar.

A number of Bank issues and leading Food and Chemical shares declined on profit-taking while most Engineerings firmed on further consideration of favourable annual results reported by Agie, Rieter, Saurer and Sulzer earlier this week.

In the Foreign sector, Dollar stocks traded mostly above overnight New York closing levels.

Bonds finished steady to slightly higher.

NEW YORK INDICES

DOW JONES	Apr. 10	Apr. 9	Apr. 8	Apr. 7	Apr. 4	1986 High	1986 Low	Since Cmp High	Since Cmp Low
● Industri'ls	1794.50	1778.62	1769.76	1735.51	1739.22	1821.72 (27/3)	1502.29 (22/1)	1821.72 27/3/86	41.22 (2/7/32)
H'me Bnds.	91.26	91.14	90.96	90.89	91.16	91.26 (10/4)	83.73 (14/1)	—	—
Transport.	787.41	786.80	788.40	778.83	779.32	830.84 (31/3)	686.97 (8/1)	830.54 31/3/86	12.32 (8/7/32)
Utilities	189.17	188.60	187.63	185.27	186.55	193.75 (31/3)	169.47 (22/1)	193.75 31/3/86	10.5 28/4/5
●Day's High 1807.83 (1807.71) Low 1768.20 (1754.19)									
STANDARD AND POOR'S									
Composite‡	236.44	233.75	233.52	228.63	228.69	238.97 (27/3)	203.49 (22/1)	238.97 27/3/86	4.40 1/6/32
Indust'ls	261.83	258.44	258.22	252.74	252.66	265.87 (27/3)	224.88 (22/1)	265.87 27/3/86	3.62 30/6/32
Financials	30.42	30.09	29.99	29.25	29.33	31.13 (14/3)	26.19 (22/1)	31.13 14/3/86	8.64 2/10/74
N.Y.S.E. COMPOSITE	136.43	135.03	134.73	132.07	132.39	137.71 (31/3)	117.75 (22/1)	137.71 31/3/86	4.64 25/4/4
AMEX.MKT. VALUE	269.06	267.85	267.50	263.97	265.08	270.35 (21/3)	240.30 (4/2)	270.35 21/3/86	29.12 9/12
NASDAQ OTC COMP.	377.17	374.16	373.09	369.07	372.23	377.17 (10/4)	325.01 (9/1)	377.17 10/4/86	54.8 6/10

DIVIDEND YIELDS	Mar. 21	Mar. 14	Mar. 7	Feb. 28	year ago (approx)
Dow Industrial	3.65	3.60	3.77	3.72	4.62
	Apr. 2	Mar. 26	Mar. 19	Feb. 19	
S and P Industrial	3.09	3.05	3.08	3.30	3.88
S and P Ind P/E ratio	16.67	16.80	16.71	15.36	11.14

TRADING ACTIVITY

Millions Volume †	Apr. 10	Apr. 9	Apr. 8
New York	184.76	156.25	146.29
Amex	12.789	18.266	15.654
O.T.C.	128.63	130.96	128.53

New York	Apr. 10	Apr. 9	Apr. 8
Issues Traded	2,038	2,055	2,032
Rises	1,082	980	1,387
Falls	628	667	316
Unchanged	438	408	329
New Highs	172	138	77
New Lows	8	6	4

	Apr. 11	Apr. 10	Apr. 9	Apr. 8	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1214.6	1195.6	1155.9	1148.5	1214.6 (11/4)	1010.8 (2/1)
Metals & Minls. (1/1/80)	566.2	560.0	548.0	545.9	602.0 (24/3)	492.5 (2/1)
AUSTRIA						
Credit Bk Aktien (2/1/62)	117.17	117.85	117.47	116.67	128.92 (15/1)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	3607.03	3618.00	3619.92	3623.3	3682.89 (7/4)	2768.91 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	248.71	(u)	243.77	246.77	248.77 (8/4)	214.37 (21/1)
FRANCE						
CAC General (31/12/82)	378.10	370.5	374.1	367.1	378.9 (7/4)	267.8 (2/1)
Ind Tendance (31/12/85)	141.60	142.6	142.7	142.7	145.4 (4/4)	101.5 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	726.75	714.47	722.27	721.17	726.75 (11/4)	618.54 (27/2)
Commerzbank (1/12/53)	2194.5	2164.6	2194.1	2152.0	2194.5 (11/4)	1865.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1784.21	1758.57	1752.54	1727.93	1826.84 (8/1)	1559.94 (18/3)
ITALY						
Banca Comm Ital. (1972)	698.56	708.23	688.87	676.48	752.92 (2/4)	464.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	15326.3	15203.6	15110.2	15014.1	15859.7 (31/3)	12881.5 (27/1)
Tokyo SE New (4/1/68)	1223.64	1215.36	1212.98	1205.49	1265.93 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	269.6	268.0	268.0	267.0	270.1 (7/4)	240.4 (5/3)
ANP.CBS Indust (1970)	254.9	255.6	254.2	255.0	256.5 (7/4)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	356.71	348.71	346.94	352.16	402.91 (16/1)	341.53 (11/3)
SINGAPORE						
Straits Times (30/12/66)	576.55	576.21	580.33	581.36	644.89 (8/1)	569.98 (19/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1155.0	—	1169.2	1210.6	1507.9 (27/1)	1153.8 (11/4)
JSE Indust (28/9/78)	118.7	—	1127.1	1129.5	1205.1 (20/3)	1069.3 (2/1)
SPAIN						
Madrid SE (30/12/85)	168.61	164.20	166.05	168.07	182.56 (1/4)	100.85 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2278.65	2258.73	2284.54	2252.53	2284.54 (9/4)	1729.57 (28/1)
SWITZERLAND						
SwissBankCpn (31/12/58)	596.2	605.0	605.1	600.1	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	305.5	—	303.1	301.6	309.6 (31/3)	245.8 (23/1)

** Saturday April 5: Japan Nikkei 15,124.33. TSE 1,210.59.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed.

CANADA

TORONTO	Apr. 10	Apr. 9	Apr. 8	Apr. 7	Apr. 4	1986 High	1986 Low
Metals & Minerals	2268.1	2258.5	2273.3	2278.7	2266.20	2442.85 (21/3)	2067.1 (2/1)
Composite	3066.3	3059.1	3039.5	3029.9	3017.40	3065.3 (10/4)	2764.0 (17/2)
MONTREAL							
Portfolio	1594.56	1587.00	1569.53	1572.40	1561.71	1594.56 (10/4)	1166.60 (22/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Navistar	5,097,400	10½	+ ⅛	AT & T	2,232,400	22⅞	+ ⅛
Reynolds Inds.	3,551,200	46⅝	+ ⅛	Sperry	1,822,600	54½	+1⅛
Beatrice	3,223,400	40¾	—	Philip Morris	1,731,700	130¾	+6⅝
Hiram - Walker	2,844,100	20¾	+ ⅛	IBM	1,467,000	150⅞	+1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price

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CURRENCIES and MONEY

COMMODITIES AND AGRICULTURE

FOREIGN EXCHANGES

Dollar recovers but nervous

The dollar finished towards its best level of the day but was still down from Thursday's closing levels in nervous trading. Demand for the US unit stemmed from increased speculation that the US would take further military action against Libya. The dollar attraction increases in times of world tension.

However this was the only comforting factor, with speculation still strong over the possibility of an early cut in the US discount rate. In addition figures released yesterday showed a 1.1 per cent fall in producer prices, greater than expected, while retail sales slipped 0.8 per cent after a revised 0.1 per cent gain the previous month.

The dollar slipped to DM 2.2815 against the D-Mark before recovering to close at DM 2.3055 still well down from DM 2.3340 on Thursday. It was also weaker against the yen at Y178.35 from Y179.20 after recent comments by finance ministers suggesting that the yen should rise still further still. However the market was a little wary since the Bank of Japan has already acted to reinforce its desire to see the dollar/yen stabilise. Elsewhere the dollar fell to SFr 1.9245 from SFr 1.9515 and FFr 7.3425 compared with 7.4275. On Bank of England figures, its exchange rate index fell from 119.8 to 118.7.

Sterling benefited from the dollar's weakness but was generally softer against its major European trading partners. It was a little firmer against the yen however at Y263.0 from Y262.50. Against the dollar it rose to $1.4750 from $1.4645 but eased against the D-Mark to DM 3.40 from DM 3.4175. Against the French franc it fell to FFr 10.83 from FFr 10.8775 and SFr 2.8375 compared with SFr 2.8575. Its exchange rate index rose to 76.1 from 75.9 after opening at 75.8.

STERLING INDEX

	April 11	Previous
8.30 am	75.8	75.6
9.00 am	76.0	75.7
10.00 am	75.9	75.8
11.00 am	75.9	75.7
Noon	76.0	75.8
1.00 pm	76.0	75.8
2.00 pm	76.0	75.9
3.00 pm	75.9	75.9
4.00 pm	76.1	75.9

POUND SPOT—FORWARD AGAINST POUND

April 11	Day's spread	Close	One month
US	1.4745-1.4820	1.4745-1.4755	0.49-0.46
Canada	2.0438-2.0659	2.0595-2.0555	0.10 pm
Nethlnd.	3.81¼-3.83¾	3.82¾-3.83¾	1⅞-1½c
Belgium	68.55-69¼	68.55-68.65	20-par c
Denmark	12.469-12.537	12.507-12.508	4⅝-2¼ore
Ireland	1.1120-1.1240	1.1185-1.1195	0.05-0.20
W. Ger.	3.3819-3.4110	3.3975-3.4025	1¼-1⅛pf
Portugal	218.01-229.71	219.11-229.71	180-390c
Spain	214.97-215.71	215.19-215.71	20-70c
Italy	2318-2337	2322½-2323½	2 pm-10
Norway	10.67½-10.74½	10.67½-10.68½	1½-2¼ore
France	10.78¾-10.85	10.82¾-10.83¾	3¼-2⅝c
Sweden	10.75¼-10.83¾	10.75¼-10.75¾	¼ pm-¼
Japan	262½-263¼	262¾-263¼	1½-1¼y
Austria	23.81-23.91	23.87-23.91	12¼-10¼
Switz.	2.8264-2.8430	2.8370-2.8380	1¼-1⅛c

COMMODITIES REVIEW OF THE WEEK

Warning notes on sugar price rally

BY RICHARD MOONEY

AFTER A couple of years in the doldrums the world sugar market's new-found buoyancy over the past few months has gone some way towards justifying the faith of the dwindling band of sugar brokers who continued to believe that the classical theory of commodity price cycles was still relevant to the sugar trade.

High prices encourage production and depress demand, so the theory runs. The resulting production surplus then pushes the price cycle into a down swing. As producers' returns fall output is discouraged and consumption is boosted so that, before too long, the surplus will turn into a deficit and the price cycle will move back into an up-swing.

The world sugar market, however, has until recently shown a marked reluctance to behave in accordance with the theory. For nearly two years prices remained well below the cost of production of even the most efficient producer, but output showed little sign of falling in response.

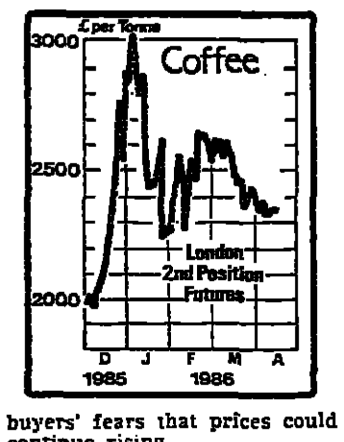
Analysts began to wonder whether the uniquely residual nature of the world sugar market and the level of price protection being given to most of the world's producers meant that traditional theory no longer applied.

By far the greater part of the world's sugar crop is consumed in the countries of production. And a fair proportion of the remainder is traded under special government-to-government deals — as with Cuban supplies to the Eastern Bloc. The relatively small amount that remains constitutes the so-called world market.

But most of that "world market" sugar emanates from countries where producers have some sort of price guarantee for at least part of their output. So the effect of low world prices on producers returns is heavily diluted and the pressure to reduce output is not felt so keenly.

These factors were responsible for the persistent overproduction which pushed stock levels to something approaching 40 per cent of annual consumption by the middle of last year and sent the world price to its lowest ever level in real terms.

Then, at long last, the cycle effect began to reassert itself and production was seen to be lagging behind consumption. One leading London broker estimated yesterday that the aggregate drawdown from stocks over the 1985-86 and 1986-87 seasons will amount to about 8.5m tonnes. This, together with the growing belief that estimates putting world stocks at around 40m tonnes nine months ago were far too high, has resulted in a dramatic turnround in market sentiment. The London daily sugar price has risen by about 70 per cent since the beginning of the year and this week reached a 2½-year high of $222 a tonne, before being trimmed back $12 yesterday. The recent rise has also been encouraged by a significant increase in demand, possibly prompted by buyers' fears that prices could continue rising.



Already, however, doubts are beginning to emerge in the market. The dealer quoted above himself raised a note of warning when he pointed out that the price is now approaching a level which could yield a profit on unsubsidised world market sales for marginal production from some of the most efficient producers.

He also pointed out that Brazil had shelved plans to expand production of ethanol from its surplus sugar because of the slide in world oil prices. Unless it cuts back the area devoted to sugar this could mean Brazil will have significantly more sugar to sell on the world market than had been anticipated.

Other London soft commodity markets were relatively quiet this week.

Coffee prices drifted lower in nervous trading, although there was no significant fundamental news. The July position on the London futures market ended £38 down on balance at £2,341 a tonne. Cocoa continued weak meanwhile with the July quotation falling £22.50 to £1,386 a tonne.

The continued rise of sterling against the dollar led to general decline in base metals prices on the London Metal Exchange.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
OILS					
Coconut (Philippines)	$280y	−5	$825	$440	$235
Palm Malayan	$260w	—	$645	$405	$230
SEEDS					
Copra (Philippines)	$180	−10	$500	$270	$175
Soyabeans (U.S.)	$155.5y	—	$253.25	$229.8	$155.5
OTHER COMMODITIES					
Cocoa Futures July	£1386	−32.5	£1935.5	£1,804.5	£1,386
Coffee Futures July	£2341	−38	£2151	£3,007.5	£2,222.5
Cotton Outlook A Index	48.55c	−1.45	65.95c	55.25c	48.35c
Gas Oil Fut. June	$135	+10	$226.5	$232.75	$110.25
Jute UA BWC grade	‡	—	$850	$320	$290
Rubber kilo	56.5p	—	67p	64.25p	55.5p
Sisal No. 3L	‡	—	$625	$595	$590
Sugar (Raw)	$210y	+5	$108	$222.5	$116
Tea (quality) kilo	194p	—	†	202p	175p
(low med) kilo	115p	−3	168p	118p	95p
Wooltops 64s Super	420p kilo	+5	475p Kilo	428p kilo	397 kilo

† Unquoted. (g) Madagascar, (y) April-May. (u) May. (z) June. (w) July.

BASE METALS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	791-2	−2	790/738.5
3 months	799-800	−9.75	804/797.5

Official closing (am): Cash 788-8.5 (792-3); three months 800-0.5 (809.5-10); settlement 788.5 (793). Final Kerb close: 803.5-4. Turnover: 20,050 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	435-6	−13.5	445.5/443.5
3 months	446.5-7	−13.5	456.5/455.5

Official closing (am): Cash 443-35 (444.5-5); three months 454.5-5 (456.5-7); settlement 443.5 (445). Final Kerb close: 447.5-5. Turnover: 4675 tonnes. US Prime Western: 32.5/35.5 cents per pound.

COPPER

Higher grade	Unoffic'l close	+ or −	High/low
Cash	966.5-7	−3.75	— —
3 months*	987-7.5	−3.25	992/987

* Grade "A"

COPPER HIGHER GRADE

Official closing (am): Cash 971.5-2 (977-7.5); three months 991.5-2 (996-

GOLD

Gold rose $3¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $341¼-$341¾. The metal opened at $339¾-$340¼ and traded between a high of $342¾-$343¾ and a low of $339¾-$340. A weaker dollar and concern about a possible conflict between the US and Libya brought a steadier tone to the metal although trading remained rather lacklustre ahead of the weekend.

US MARKETS

PRECIOUS METALS traded mixed to steady as US-Libyan tension seemed to underpin the recent firmer tone, reports Heinold Commodities. A cautious approach on the part of technicians in nervous trading resulted in a marginally lower close in gold. The oil markets continued to recover on further short-covering by trade and commission houses in view of the forthcoming Opec meeting and increased prompt demand in Europe. Copper continued to attract light trade buying following Wednesday's gains, with a weaker dollar and reports of imminent demand prompting buying. A sharp technical reaction to the recent strong gains in sugar was led by computer-based selling late in the session, although traders considered the setback as overdue and expected no change in the longer term bullish outlook.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

April	55.75	—	—	55.50
May	55.90	55.90	55.65	55.85
June	56.15	—	—	55.90
July	56.40	56.40	56.25	56.35
Sept	56.80	—	—	56.75
Dec	57.30	—	—	57.25
Jan	57.45	—	—	57.40
May	58.10	—	—	58.00
July	58.40	—	—	58.30

MONEY MARKETS

UK rates reflect optimism

Hopes of an early cut in UK interest rates remained strong in London yesterday with interbank rates still discounting a cut despite Thursday's punitive action by the Bank of England. Discount houses were quick to sell short-dated paper in an effort to fund the published shortage and avoid the possibility of further loans from the authorities at a penal rate.

Meanwhile three-month interbank money started the day a touch firmer but slid back to a late quotation of 10¼-10½ per cent down from 10⅝-10½ per cent on Thurday. Weekend interbank money opened around 11¾ per cent and fell away during the afternoon to nearer 5 per cent.

UK clearing banks base lending rate 11 per cent since April 8

Three-month eligible bank bills were bid at 10⅛ per cent after 10⅜ per cent following a fall in the average rate of discount at the weekly Treasury bill tender.

The Bank of England forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £399m, a rise in the note circulation of £235m and banks' balances brought forward £40m below target. These were partly offset by Exchequer transactions which added £375m.

The forecast was revised to a shortage of around £350m and the Bank gave assistance in the morning of £336m. This comprised outright purchases of £50m of Treasury bills and £188m of eligible bank bills in band 1 at 10⅞ per cent. In band 2 it bought £98m of eligible bank bills at 10⅞ per cent. There was no further assistance in the afternoon.

The average rate of discount fell by 0.376 per cent at yesterday's Treasury bill tender to 9.8249 per cent. The £100m of bills on offer attracted bids of £567m and all bills offered were allotted. The minimum accepted bid was £97.54m with bids at that level and above met in full. Next week a further £100m will be on offer, replacing a similar amount of maturities.

Interest rate and inflation pointers boost bonds and shares

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6
Apr 28	May 8	May 9	May 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

A more volatile week in London stock markets ended with leading stocks attempting to consolidate the gains made via Thursday's impressive recovery. Wall Street's further rise overnight together with favourable pointers on domestic interest rates and inflation ensured a continuation of that session's more confident tone.

Turnover was initially quite brisk but it slowed from mid-morning onwards owing to in-house financial considerations. These mainly involved the change of status of many SE jobbing and broking firms from partnerships as outside concerns take control from Monday.

The Chancellor's prediction of cheaper money worldwide and the Bank of England's quarterly bulletin were other factors influencing the background of share and bond markets. Speculative activity continued throughout the session and brought a host of outstanding features but the overall trend was reflected in FT-SE 100 share index. This recorded a rise of 9.2 at 9.37 am before drifting back gradually to show a loss of 4.5 at 3.30 pm before closing 3.8 up on the day at 1694.1. Assisted strongly by pronounced firmness in constituents ASDA-MFI and Trusthouse Forte, the FT Ordinary share index ended 10.4 higher at 1,411.9; it thus reduced the loss on the week to nine points.

A strong performance by the exchange rate against a generally weak dollar coupled with lower rates for credit in money markets prompted revived support of Gilt-edged securities. Longer maturities prospered on institutional and foreign buying to record gains stretching to §. Low-coupon stocks were also favoured, making the outstanding contribution to the shorter end of the market with rises ranging to ⅜.

The announcement at 3.30 pm of new official funding — four £100m tranches of existing stocks have been issued, one of which is an index-linked Gilt — made little impact on the trend in the after-hours' trade.

Standard Chartered up

Standard Chartered, awaiting fresh bid developments in the wake of the Board's strong rejection of Lloyds' approach, closed a further 4 higher at 877p making a rise of 72 on the week and one of 249 on the Account; **Lloyds** were unaltered at 592p. Other clearers made a quietly firm showing. **Barclays** added 7 at 532p and **Midland** gained 5 at 573p as did **Nat West** at 890p. Among irregular merchant banks, **Brown Shipley** rose 20 to 500p in a thin market and **Hambros** improved 3 at 270p. **Mercury Securities**, strong throughout the week on buying ahead of the merger this weekend with stockjobbers Akroyd and Smithers and stockbrokers' Rowe and Pitman and Mullens, met end-Account profit-taking and lost 25 at 970p; **Akroyd** softened 10 to 820p in sympathy. **Provident Financial** continued firmly among Hire Purchases, rising 10 afresh at 465p. **Moorgate Mercantile** gained a penny at 501p, after 51p, following reports that a sizeable stake had changed hands.

Sedgwick, at 365p, recouped 5 of Thursday's fall of 18 which stemmed from speculation about a reinsurance division in the group which has recently been the subject of management reorganisation. **Composites** attracted another good demand with **General Accident**, 947p, **GRE**, 949p, and **Royals**, 912p, all around 14 better.

Lee International, suppliers of lighting equipment to the film industry, staged a satisfactory market debut; the shares, offered at 180p, opened at 183p and edged forward to 187p.

Distillers attained a new peak 716p before settling a net 10 higher at 713p awaiting the climax of the prolonged takeover battle which reaches its conclusion next Friday. **Argyll Group** closed a few pence up at 378p, after 372p, while rival suitors **Guinness** put on 2 to 353p.

Leading Buildings ended the Account on a subdued note. **BPB Industries** drifted off to close 10 cheaper at 460p, while **Redland** shed 6 to 446p. **Blue Circle** softened a couple of pence to 668p, as did **RMC**, to 632p; the latter's annual results are due next Wednesday. Buyers continued to shy away from **Tarmac** which settled 2 cheaper at 474p, a fall on the week of 38. Elsewhere, comment on the respective trading statements boosted **John Mowlem** 16 to 428p and **John Laing** 9 to 430p. Renewed demand ahead of next Wednesday's preliminary figures lifted **Higgs and Hill** 32 to 600p, a two-day advance of 50, but profit-taking in the absence of any bid developments left **SGB** 12 lower at 334p. **Conder** firmed 4 to 80p in reply to the good annual results, while **Attwoods** revived strongly and closed 13 higher at 161p. Among Timbers, **Magnet and Southerns** continued to trade actively and added 2 more to 190p.

Ellis and Everard raced up to 240p on bid speculation, but eased back to close 13 higher on balance at 225p on the announcement that the company is in discussions which may lead to a UK acquisition. Elsewhere in the Chemical sector, **Reabrook** gained 7 to 80p following the good annual results and confident statement, while **Wolstenholme Rink** firmed 4 to 202p after press comment.

Leading Retailers closed an uncertain week on a dull note. Once again, quotations gave ground across a broad front, but this owed more to technical influences than to any sizeable weight of selling. "Cheap" buyers returned after the official close, however, and most finished well above the day's worst levels. **Burton**, down to 310p earlier, settled only 6 off on balance at 316p, while **Woolworth** reverted to unchanged at 885p, after 885. In contrast, **Harris Queensway** remained friendless and closed 14 cheaper at 294p, but **Combined English** rallied from 223p to settle a couple of pence to the good on balance at 230p. A number of secondary stores responded to speculative demand. **Cantors A** advanced 11 to 147p, while **Goldsmith** improved 20 to 196p, and **A. Goldberg** rose 10 to 127p. **Etam**, down to 258p at one stage, closed unaltered on balance at 266p; the preliminary figures are expected next Wednesday.

STC feature

Aggressive buying of **STC** on rumours of a possible bid from West German electronics concern, Siemens AG, saw the shares advance smartly to touch a new peak of 162p before closing 16 better at 160p. Reports of a broker's circular left **Racal** 12 dearer at 204p, while improvements of 4 and 5 respectively were seen in **Plessey**, 226p, and **Thorn EMI**, 506p. **BICC**, which announced on Thursday that its Metal Manufacturers subsidiary will soon be seeking a public listing on the Australian stock exchange, advanced 7 afresh to 365p. **British Telecom**, on the other hand, dropped 10 to 258p on Mercury Communications competition worries. Elsewhere in Electricals, **Bowthorpe** rose 18 to 485p ahead of Tuesday's preliminary results, while **Grosvenor** firmed 5 to 95p in belated response to the interim results. **Apricot Computer** put on 5 to 98p and **Oxford Instrument** added 10 more at 575p. **Sunleigh** softened a fraction yesterday but still closed 7½ higher on the week at 34½p on asset-injection hopes.

Pegler Hattersley responded afresh to the bid from F. H. Tomkins with a further rise of 25 at 585p: the latter gained 6 more to 319p. Other Engineering stocks regarded as possible takeover candidates were well to the fore. **Stothert and Pitt** were outstanding at 190p, up 27, amid persistent and speculative activity, while **Porter Chadburn** put on 15 to 275p and **Desoutter** 10 to 240p. **Jones and Shipman** gained 8 to 110p. **Simon**, helped by comment on the preliminary figures, rose 8 to 230p, after 242p, while renewed support ahead of the preliminary figures, due later this month, left **Hopkinsons** up 10 more at 240p. **Glynwed**, which announced annual results and a 100 per cent scrip issue earlier in the week, encountered fresh support and put on 12 to 384p.

S. & W. Berisford, the subject of an offer from Hillsdown Holdings, gained 18 to 355p on speculation about a counter bid from Tate and Lyle, 7 higher at 635p. Revived bid rumours also boosted **Unigate** 9 to 282p, while late demand lifted **Rowntree Mackintosh** 15 to 501p. Retailers were featured by **ASDA-MFI** which touched 156p prior to closing 8 up at 154p following a broker's meeting. **J. Sainsbury** rose 10 to 416p and **Tesco** hardened 3 to 375p. Elsewhere, **Bluebird Confectionery** were unmoved at 90p following news of the abortive bid discussions. **Alpine Soft Drinks** gained 4 to 25p in response to Press mention.

Trusthouse Forte continued to attract speculative support and gained 6 more to 194p, while **Grand Metropolitan**, after slipping to 415p, picked up to close 5 dearer on balance at 423p. **Ladbroke**, on the other hand, slipped 5 to 359p.

Metal Closures good

Leading miscellaneous industrials ended the day with small irregular movements. **Beecham**, a current bid favourite, hardened to 408p initially before closing unaltered at 405p, after 400p. Elsewhere, presistent bid speculation left **Metal Closures** 26 higher at 170p, while speculative demand in a limited market prompted a gain of 46 to 371p in **Courtney Pope**. Still reflecting trading statements, **Evered** rose 28 further to 328p and **Portals** put on 35 more to 845p. **MY Dart** were unaltered at 45p, after 48p, following the proposed merger with **Standard Fireworks**, which closed a few pence dearer at 138p. Buying ahead of next week's preliminary statement left **Hestair** 5 better at 166p, after 169p. Asset injection hopes helped **Ashley Industrial Trust** touch 94p before settling 6 higher on balance at 91p. **Wm Baird** posted a further gain of 25 at 630p following the annual results, but **Cookson**, still on the disappointing preliminary figures, fell 10 more to 510p. News of the proposed £22.6m rights issue left **Low and Bonar** 9 cheaper at 462p, but Press mention prompted a rise of 8 to 100 in **Magnolia**. **Turner and Newall** were quoted ex rights at 215p, with the new shares at 37p premium.

Leisure issues continued to feature **Boosey and Hawkes** which advanced 10 more to 200p in the wake of the tentative bid approach; the shares have risen 68 on the week. **Photax** improved 5 to 70p following the increased full-year profits and confident tenor of the accompanying statement.

Motor Components again attracted a fair measure of speculative interest. **Airflow Streamlines** remained to the fore and advanced 9 more to 56p despite the company stating that it know of no reason for the recent strength of the shares which have risen 21 over the past week. **Aerospace Engineering** put on 9 to 73p reflecting Press-inspired takeover chatter, while fresh demand in a relatively narrow market lifted **Abbey Panels** 10 more to 210p. Buyers also displayed renewed enthusiasm for selected Distributors. **Jessups** continued firmly at 126p, up 5 on the session and 31 on the week; the interim figures are expected early next month. Occasional support was also forthcoming for **Lookers**, 3 up at 118p, and **BSG International** which hardened 2½ to 37½p with the aid of "call" option business.

Dealings in PR concern **Good Relations**, suspended at 176p on Monday, resumed sharply lower at 128p before settling at 138p; it was revealed late on Thursday that merger discussions with **Valin Pollen** had been terminated. The latter eased 10 to 250p. Other advertising agencies drifted lower with **Geers Gross**, the subject of persistent speculative interest recently, easing 6 to 72p, after 70p.

Interest in Properties again centred upon **Stock Conversion** which moved ahead on bid speculation to touch 685p before closing 10 higher on balance at 675p, a rise on the week of 60p. **Stockley**, a major shareholder in Stock Conversion, added 2 more to 84p. Elsewhere, **MEPC** edged up to 3 to 353p, while **Samuel** revived with a gain of 5 at 211p. Estate agents moved higher on cheaper mortgage hopes, **Connells** firming 5 to 245p and **Mann & Co** rising 20 to 310p. **Five Oaks** continued to reflect asset injection hopes with a fresh rise of 6 at 76p, while "new time" buying lifted **Abaco** 3 to 51p.

Imperial Group spurted 19 to 363p in late trading following the announcement that the offer from **United Biscuits** had lapsed. **UB**, down 255p earlier in the session, rallied to close 3 dearer on balance at a new high of [illegible]p. Rival bidder **Hanson Trust** rose 3 to 183p, an announcement regarding the level of acceptances for the Hanson offer will be made on Monday morning.

Elsewhere in Tobaccos, **Bats** continued to benefit from the recent US Federal Court ruling in a cigarette warnings case and advanced 12 for a two-day gain of 37 at 430p. **Rothmans** hardened 4 to 158p.

Oils quiet

Oils showed narrowly mixed movements across the board, reflecting an indecisive trend in crude oil prices ahead of next week's Opec meeting. **Burmah** moved up to a year's best of 370p during early trading, still boosted by the increased preliminary profits and dividend, the sale of the loss-making oil terminal in the Bahamas and the withdrawal from operations in the North Sea, but encountered profit-taking which left the shares only a shade firmer on balance at 365p. **Enterprise**, recently given a "buy" recommendation by brokers De Zoete and Bevan, put on 3 to 177p. Secondary issues showed **Hunting Petroleum** a couple of pence up at 122p—for a week's gain of 22—on further consideration of the sharply higher profits announced on Wednesday. In the Irish stocks, **Atlantic Resources** put on 2 to 14p, while Australia's **Peko**—the subject of a bid from Peko-Wallsend—rose 3½ to 44p.

The huge sharebuying operation set in train by Elders IXL and the Holmes à Court camp on Thursday came to a halt yesterday with Elders apparently holding an 18.52 per cent stake in BHP and Holmes à Court holding a substantial interest in Elders. Dealers reported an almost total absence of corporate share dealing activity in London yesterday and a downturn in Elders and BHP was said to have represented persistent profit-taking by UK investors. At the close **Elders** were 3 off at 225p and **BHP** showed a 12 fall at 338p.

Australian mining issues were no better than mixed and suffered from the improvement in sterling against the Australian dollar. In the leaders **Peko-Wallsend** edged up 4 to 264p but **Western Mining** dipped that amount to 170p, **North Broken Hill** 3 to 108p and **CRA** 2 to 348p. Golds gave another disappointing performance—**Central Norseman** fell 5 to 398p and **Poseidon** 6 to 125p—but a handful of the speculative issues made good progress. **Pelsart Resources** rose 4 to 17p and **Paragon Resources** added 1½ to 14p. Diamond miner **Ashton Mining** hardened a couple of pence more to 85p—a week's gain of 15—still boosted by the 7.5 per cent increase in rough gem prices imposed as from May 6 by De Beers.

South African Golds fell back for the sixth successive trading day. Selective buying interest from Johannesburg, prompted by the firmer bullion price, took share prices higher in dollar terms but the strength of the pound left the sector showing minor overall losses in sterling terms. The Gold Mines index showed a further 3.7 fall at 278.1, for a week's loss of 12.1.

South African Financials moved in line with Golds but UK issues continued to ease in the absence of any news of the much-rumoured build up of a substantial stake in RTZ by one of the leading "down-under" groups. **RTZ** initially dropped to around 702p but picked up later in the day to close a nets off at 710p, leaving the shares 70 lower over the week. **Consolidated Gold Fields** settled unchanged on the day at 475p, after 470p. Elsewhere Cornish tin producer **Geevor** (Inst 5 more to 40p.

Demand for Traded Options continued to expand. Total contracts transacted amounted to 22,615 comprising 17,453 calls and 5,162 puts.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4
May 6	May 16	Aug 7	Aug 18

For rate indications see end of Unit Trust Service

Call options were taken out in Pavion, Johnson and Firth Brown, English China Clays, Boddingtons Breweries, BSG International, United Scientific, Jessups, Premier Oil, Midland Bank, British Benzol, John Brown, Arthur Lee, Tavrex, Ashley Industrial, Five Oaks, BHP, "The Times" Veneer, Tricentrol, Laura Ashley, Raine Engineering, Grovebell, Chloride and Combined Technologies. No puts were taken out, but a double was arranged in Beecham.

RISES AND FALLS YESTERDAY

	Rises (Yesterday)	Falls (Yesterday)	Same (Yesterday)	Rises (On the Week)	Falls (On the Week)	Same (On the Week)
British Funds	96	4	14	436	62	72
Corpns, Dom. and Foreign Bonds	8	20	64	114	28	217
Industrials	378	252	[illegible]	1,697	2,047	3,824
Financial and Props.	145	132	292	775	486	1,574
Oils	14	19	95	102	103	395
Plantations	0	1	15	5	14	53
Mines	23	39	119	165	227	527
Others	57	80	67	322	348	322
Total	721	546	1,501	3,520	3,316	6,984

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, April 10, 1986.

Textiles	+ 47.79	Stores	+ 22.82
Motors	+ 40.63	Industrial Group	+ 22.67
Metals and Metal Forming	+ 37.99	Chemicals	+ 22.42
Tobaccos	+ 33.17	Shipping and Transport	+ 21.50
Electricals	+ 32.51	500 Share Index	+ 20.74
Building Materials	+ 29.58	Brewers and Distillers	+ 20.62
Other Industrial Materials	+ 29.29	All-Share Index	+ 20.45
Merchant Banks	+ 29.22	Investment Trusts	+ 19.50
Office Equipment	+ 29.01	Financial Group	+ 19.10
Health and H'sehold Products	+ 28.59	Electronics	+ 19.00
Insurance (Composite)	+ 27.73	Food Manufacturing	+ 18.50
Mining Finance	+ 27.88	Other Groups	+ 17.80
Leisure	+ 26.92	Telephone Networks	+ 17.68
Publishing and Printing	+ 26.52	Investment Trusts	+ 16.30
Capital Goods	+ 26.06	Overseas Traders	+ 15.70
Banks	+ 26.00	Insurance (Life)	+ 13.19
Packing and Paper	+ 25.90	Property	+ 13.19
Mechanical Engineering	+ 25.02	Gold Mines Index	+ 11.36
Contracting, Construction	+ 24.70	Food Retailing	+ 10.08
Consumer Group	+ 22.43	Oils and Gas	+ 5.13
		Insurance Brokers	− 1.82

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Asda-MFI	154	+ 8	Ellis and Everard	225	+ 13
Berisford (S. and W.)	355	+ 18	Geers Gross	72	− 6
Boots	272	− 1	Good Relations	138	—
British Telecom	258	− 10	STC	160	+ 16
Burton	316	− 6	Stock Conversion	675	+ 10
Dupont	107	− 5	United Biscuits	266	+ 3

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Stand. Chartd.	241	873	+ 72	Amstrad	176	188	+ 6
Beecham	164	405	+ 21	Distillers	179	713	+ 21
BAT Industries	162	418	+ 13	Shell Transport	172	750	− 16
BTR	159	718	− 46	Glaxo	179	1036	+ 36
Midland Bank	152	568	+ 60	Woolworth	177	885	+ 36
ICI	150	934	− 18	Imperial Group	126	344	− 14

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
BAT Industries	36	418	+ 45	RTZ	26	718	+ 17
Burmah Oil	34	364	+ 17	Argyll Group	24	375	+ 17
Jaguar	30	[illegible]	[illegible]	Glaxo	24	1020	+ 50
Pegler-Hattersley	30	580	+ 66	ICI	23	934	+ 18
Beecham	27	400	+ 15	Plessey	23	222	[illegible]
Trusthse. Forte	27	155	+ 11	Weir	23	137	− 2

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

† Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

CORPORATIONS—FOREIGN

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

STOCK EXCHANGE DEALINGS

Paul Michael Leisurewear (5p) 12 (9/4)
Pavion Intnl 11pcLn 1994-2002 £100 2
Perkins (John) Meats (10p) 25
Sigmex Intnl (10p) 74
Spice (5p) 95 (9/4)
Technofan (FFr 100) £220 (4/4)
West Yorkshire Independent Hospital (50p) 73

UNLISTED SECURITIES MARKET SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 1770 9 48(4)
AOG Minerals 5
Aberdare Cables Africa 1600 60
Aberlovie 350
Abitibi-Price £11 (7/4)
Acorn Secs 190 (8/4)
Adelaide Pet 13 (8/4)
Advanced Micro Devices £19 (8/4)
Ahold NV £24 (7/4)
Air Liquide FFr 8000 (8/4)
Air Prods Chems £48 (7/4)
Amatil 360 (8/4)
American Home Prods US$73⅛ (8/4)
Amoco Corp £40 (8/4)
Ampol 114
Amsterdam-Rotterdam Bk £26¼
Anheuser-Busch £32¼ (4/4)
Anixter Bros £15 (8/4)

...

£85 (4/4)
Shop Prop Tst 11.625pc 1stMtg £120 (7/4). 9pcLn 1994-99 £158. 9pc(2nd Ser) Ln 1994-99 £158.
Ln 1999-2004 £108½.
PLC 8pc 2000-05 £84½ (9/4). 6¼pc 1995-2000 £111 (8/4)
Slough Prop Hldgs 10pcLn 1998-02 (7/4)
Balkan Rly Surplus Lands Co 6¼pc 1986-91 £97 (9/4)
High Group 9½pcLn 2005 £236
Hldgs 10pcPrf (50p) 58 (7/4). 9⅞pc 2011 (£40Pd-30/6/86) £40
Prop Hldgs 8¼pcGtdLn 1997 £85
Prop. 290 2½

Continental Minerals 2005 (£1) 72 (9/4)
Cramphorn (50p) 3200
Dunton Group 12pcPf 1997-2002 (£1) 285 (7/4)
Eldridge Pope A (Rest-vtg) (£1) 362
Electron House 6.5pcPf (£1) 102 3 (8/4)
Entertainment Production Services (5p) 8 (9/4)
Gibbs Mew 145 (9/4)
Gould (Laurence) 115 7 (7/4)
Heavitree Brewery 435 (9/4). A Limited-vtg 3850
Intervision Video (Hldgs) (10p) 3½. 7pc Pf (£1) 22½ 3 (4/4)
Kenyon Secs 242 (9/4)
Parkfield Group 7pcPf (£1) 165 6

FINANCIAL TIMES STOCK INDICES

	Apr. 11	April 10	April 9	Apr. 8	Apr. 7	Apr. 4	year ago
Government Secs	93.58	93.20	93.30	93.09	91.75	91.47	81.40
Fixed Interest	97.10	96.87	97.04	96.66	96.07	95.97	85.58
Ordinary ♥	1411.9	1401.5	1376.6	1388.1	1400.9	1420.9	967.8
Gold Mines	278.1	281.8	282.7	288.9	290.0	290.2	535.5
Ord. Div. Yield	3.81	3.83	3.89	3.87	3.83	3.78	4.73
Earnings, Yld. % (full)	9.36	9.35	9.50	9.43	9.34	9.19	11.83
P/E Ratio (net) (*)	13.21	13.25	13.04	13.14	13.26	13.46	10.29
Total bargains (Est.)	39,007	38,547	36,111	42,917	42,321	41,515	26,099
Equity turnover £m.	—	829.84	693.51	909.02	889.01	990.80	493.66
Equity bargains	—	34,085	32,510	38,030	46,029	47,481	26,684
Shares traded (m)	—	340.2	280.1	354.0	352.4	374.0	316.5

10 am 1413.1. 11 am 1411.5. Noon 1410.2. 1 pm 1410.2. 2pm 1408.1. 3 pm 1407.5. 4 pm 1406.0. Day's High 1413.3. Day's Low 1404.5. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.79.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	93.58 (11/4)	80.39 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.10 (11/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.9 (3/4)	1094.5 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	257.5 (2/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Apr. 10	Apr. 9
Daily		
Gilt Edged Bargains	174.5	190.7
Equities Bargains	220.8	210.6
Value	1677.3	1,401.8
5 day Average		
Gilt Edged Bargains	180.2	180.4
Equities Bargains	256.8	272.2
Value	1743.6	1,717.2

NEW HIGHS AND LOWS FOR 1986

BRITISH FUNDS (91). CORPORATION LOANS (5). LOANS (1). AMERICANS (1). CANADIANS (1). BANKS (5). BREWERS (2). BUILDINGS (14). CHEMICALS (4). STORES (4). ELECTRICALS (8). ENGINEERING (10). FOODS (9). INDUSTRIALS (32). INSURANCE (5). LEISURE (4). MOTORS (6). NEWSPAPERS (2). PAPER (4). PROPERTY (10). TEXTILES (4). TOBACCOS (2). TRUSTS (19). OILS (4). OVERSEAS TRADERS (2). MINES (1).
AMERICANS (1) US Steel. BUILDINGS (1) Ramus. STORES (1) Liberty N/V ELECTRICALS (1) Klark-TecKnik. FOODS (1) Normans. INDUSTRIALS (1) Anglo-African Finance, Erskine House, Intereurope Tech. TEXTILES (1) SEET. TRUSTS (7) Altifund Inc, Channel Islands Inc, London and Strathclyde, North Sea Assets, Viking Resources, Abingworth, Aitken Hume. OILS (2) Magellan Petroleum, Triton Europe. OVERSEAS TRADERS (1) Sime Darby. MINES (3) Gem Expln and Minerals, Otter Expln, Windsor Resources.

...

Frazer-Nash Grp 450 (7/4)
Gale (G.) 365 (9/4)
Greenstar Hotels 35½ 6 (7/4)
Guernsey Gas Light 260 (7/4)
Guiton (W. E.) 600 (9/4)
Home Brewery 800
Island Garages 9 (8/4)
Jersey Elec 5pcPf 54 (8/4)
Jersey Gas 300 (9/4)
Do. 3pcPf 25 (8/4)
Do. 5pc A Pf 41 (8/4)
Jersey New W'works 5pc3rdPf 208 (8/4).
Do. 3½pc3rdPf 154 (8/4)
Do. 2pc4thPf 82 (8/4)
Kuala Pergau Rubber Plants 1 (8/4)
Kunick Leisure 35½ 6 ½ 7 (9/4)
Le Riches Stores 565 (8/4)
Lincolnshire Standard 250 (7/4)
Liverpool FC £245 95 (9/4)
Lyncom 5 6 (7/4)
Manordale Grp 1 (8/4)
Marlborough Tech Mngmt 185 (8/4)
Merchant Mfy 104 5
Merrett 261 3 (8/4)
Midland City Ptnrships 300 2 (4/4)
Munro Corp 375 6½ (4/4)
Newbury Racecourse £980 5 1,000 10
Norton Villiers Triumph 1 2
Oldham Ests 91½ 2 (9/4)
Oodles 20 1 2 (9/4)
Phosphor Prods £370 5
Portsmouth Harbour Ferry 77 85
Red Rose Radio A NV 30 (9/4)
Seymours 40pcPf 50 (8/4)
Sinclair Research 62 3
Southern Newspapers 217 9
Taddale Invs 5 ½
Utd Trust Credit 475
Westabix A NV 154 5 7 ½ (7/4)
Winchmore 45 6 (9/4)
Wistech 13 6 (4/4)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Celtic Basin Oil Expln (£1) 1
Kenmare Oil Expln (I£0.25) 6⅛
North West Oil Gas (20p) 3

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 3/32	95 5/8	Treas 3pc 1986	99 7/32	+1/32	3.02	10.57
99 15/16	99 1/16	Exch. 10 1/2pc 1986	99 13/16	.....	10.50	10.91
100 3/16	99 1/2	Treas 12pc 1986	99 5/8	.....	11.99	10.97
99 3/4	98 1/4	Treas 8 1/2pc 1984-86‡‡	99 13/16	.....	8.56	11.23
102 1/4	100 1/4	Exch. 14pc 1986	102 1/4xd	.....	13.69	9.66
97 1/2	93 7/8	Exch. 2 1/2pc 1986	97 1/2	+1/8	2.56	6.76
102 13/16	100 3/4	Exch. 13 1/4pc 1987	102 13/16	.....	12.90	9.49
100 5/8	97 3/8	Treas 10 1/4pcCv '87	100 5/8	+1/8	10.19	9.38
96 1/2	92 13/16	Exch 2 1/2pc 1987	96 1/2	+1/8	2.60	6.94
101 1/8	97 1/2	Exch. 10 1/2pc 1987	101 1/8	+1/8	10.38	9.26
98 1/16	93 5/8	Funding 6 1/2pc '85-87‡‡	98 1/16	+1/8	6.63	8.36
100 7/8	96 13/16	Treas. 10pc 1987	100 7/8	+1/8	9.91	9.16
94 13/16	90 7/8	Treas 3pc 1987	94 13/16	+1/8	3.16	7.41
103 13/16	99 1/2	Treas. 12pc 1987	103 13/16xd	+3/16	11.55	9.21
98 1/2	92 13/16	Treas 7 3/4pc 1985-88‡‡	98 1/2	+1/8	7.87	8.66
103 1/4	95 1/4	Exch 10 1/2pc '88	103 1/4xd	+3/16	10.17	8.76
101 13/16	95 1/8	Treas 9 3/4pc Cv '88	101 13/16	+3/16	9.56	8.73
90 13/16	86 5/8	Transport 3pc '78-88	90 13/16	+1/8	3.30	7.58
101 1/2	93 13/16	Treas. 9 1/2pc '88	101 1/2xd	+3/16	9.37	8.81
106 3/8	98 1/2	Treas 11 1/2pc 1989	106 3/8	+3/16	10.81	8.91
102 1/4	93 3/4	Treas 9 1/2pc Cnv. '89	102 1/4xd	+1/4	9.29	8.63
89 1/4	82 7/8	Treas 3pc 1989	89 1/4xd	+1/2	3.36	7.18
104 1/4	95 3/8	Treas 10 1/2pc 1989	104 1/4	+1/4	10.07	8.92
103 1/16	94 7/8	Exch 10pc 1989	103 1/16	+1/4	9.70	8.90
106 1/16	97	Exch 11pc 1989	106 1/16	+1/4	10.37	8.91
91 5/8	84 1/2	Treas 5pc 1986-89	91 5/8xd	+1/4	5.46	7.77
110	94 5/8	Exch 10 1/4pcCv '89	110xd	+3/8	9.32	7.04
113 1/16	103 1/16	Treas 13pc 1990‡‡	113 1/16	+5/16	11.50	8.82
106 13/16	97 1/8	Exch 11pc 1990‡‡	106 13/16	+3/8	10.29	8.76
111 13/16	103 13/16	Exch. 12 1/2pc 1990	111 13/16	+3/8	11.17	8.83
85 1/2	79 5/8	Treas. 3pc 1990	85 1/2xd	+1/8	3.49	7.06
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund SA
2 Boulevard Royal, Luxembourg
World Fund NAV $16.48 +0.10 —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $16.10 +0.06 —
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech $14.25 +0.04 —
Dynamic Gwth Fd $14.64 +0.44 —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund $12.89 12.60 —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.00		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.79	8.07	11.31	6-mth
7-day Fnd	11.63	8.49	12.75	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.73	8.02	11.52	6-Mth
7-day Fund	11.00	8.22	11.82	6-Mth
Dollar	5.87	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	11.00	8.00	11.77	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.25	12.12	Qtr
Mth. Int. Chq.	11.00	8.25	12.30	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.125	8.34	12.17	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.06	7.50	10.94	M
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.125	7.375	10.60	Q
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	10.50	7.88	11.46	Mth

NOTES—Gross: rate of interest exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS
3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk.	44
BOC Grp.	32	NEI	11
BSR	14	Nat West Bk.	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect.	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	38
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons.	22	Turner Newall	18
Comm Union	25	Unilever	120
Courtaulds	25	Vickers	40
Distillers	52	Wellcome	19
FNFC	25	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs.	30
Glaxo	130	MEPC	32
Grand Met.	34	Peachey	24
GUS	75	Samuel Props	18
Guardian	75	**Oils**	
[illegible]	32	Brit. Oil & Min.	$2\frac{1}{2}$
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd.	52	Burmah Oil	30
ICI	50	Charterhall	3
Imps	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday April 12 1986

Michelin surges back into profits

BY PAUL BETTS IN PARIS

MICHELIN, the French group which is the world's second *biggest tyre manufacturer after* Goodyear, last night confirmed its recovery by reporting a consolidated net profit of FFr 1bn (£92m) for 1985 after several consecutive years of heavy losses.

The group lost FFr 2.2bn in 1984, FFr 2.14bn in 1983 and FFr 4.17bn in 1982. Its return to profit follows a large-scale restructuring programme of group operations.

Michelin is France's second largest private enterprise company after the Peugeot car group. It said it planned a one-for-ten rights issue to raise FFr 1bn in fresh capital, as well as a one-for-eight scrip issue.

This is the second time in the past six months that Michelin has turned to the stock market, after an absence of about 15 years. Last autumn the company successfully made a FFr 1bn rights issue which also included warrants.

Further underlining its recovery, Michelin is to pay a dividend of FFr 18 a share — the first in three years.

The consolidated net profits of FFr 1bn are at the upper end of the company's original expectations and follow a profit of FFr 400m in the first half of 1985. Group cash flow rose to FFr 3.8bn last year from FFr 1.7bn the year before.

Sales were 2.2 per cent lower at FFr 43.4bn over the previous year. However, Mr Bahrouz *Chahid-Nouraï, Michelin's* financial director, said that expressed in US dollar terms, sales were 24.1 per cent higher at $5.7bn. In volume terms sales were up 2.5 per cent.

Mr Chahid-Nouraï said Michelin's main French operating subsidiary continued to lose money last year, but the deficit was sharply reduced.

The group's large US operations were very close to break-even and North American operations as a whole, including Canada, were profitable. Michelin has five plants in the US and three in Canada. In Europe *it has 44 plants.*

Mr Chahid-Nouraï also said there had been a strong recovery in the UK. Michelin's UK operations returned to the black last year after losing heavily in 1984.

The Michelin finance director said the rights issue was designed to raise money to restructure the company's balance sheet and to strengthen its subsidiaries.

The rights issue involves one new share for every 10 held at a cost of FFr 2,000 a share. Michelin shares closed at around FFr 2,999 on the Paris Bourse yesterday. The one-for-ten rights issue will be accompanied by the one-for-eight scrip with the right to subscribe for both old *and new shares.*

Large cut in banking margins on trade loans proposed

By Christian Tyler, Trade Editor

THE GOVERNMENT has embarked on a big shake-up of export finance by proposing a large cut in the sums it pays British banks for lending to UK exporters and their foreign customers at fixed interest rates.

Its opening shot in what bankers said yesterday would be a long and difficult negotiation was delivered this week in *confidential letters from the* Bank of England.

It is reliably understood that the Treasury, through the Bank, wants to see the *margin* on trade loans in sterling reduced to ⅝ per cent, from the present ⅞ per cent to 1 per cent over London Interbank Offered Rate (Libor).

The margin on foreign currency loans, which are cheaper to arrange, should drop to around 1/16 per cent from the present ⅝ to ¾ per cent, according to the Bank.

Ministers are also proposing that banks should compete not only for the mandate to arrange big export credits but also to provide the finance. The ECGD would award the lending prize to the bank with the most cost-effective package.

Anticipating an outcry from the big export lenders — especially the British clearing *banks* — and their corporate clients, the Government makes it plain that its figures are negotiable.

Even so, one banker said last night that the Government was asking for so much that export lending of this type *could* dry up entirely. It would cease to be profitable at the kind of margins proposed.

The Government's aim is to reduce the cost to the taxpayer of running the huge subsidised trade loan scheme, which is administered by the Export Credits Guarantee Department and has £12bn outstanding. In the last financial year, roughly £100m was paid to the banks for their trouble.

The figure was in addition to the estimated £300m paid to them to make up the difference between cost of funds and loans extended through the ECGD, which are at internationally *agreed subsidised* rates. The total payment to the banks is projected to fall to £262m, even before any change in their margins.

The justification for such a large cut in margins is that loans backed by the ECGD are virtually risk-free. Officials pointed out that funds could be raised from the capital markets at only 1/16 per cent over Libor, and often even more cheaply than that.

It is being suggested that another ⅛ per cent should be added to that in the case of sterling loans, to reimburse banks for the cost of maintaining their reserve ratios and to cover a mismatch in the payment periods.

The British clearing banks and the larger US banks in London are expected to unite in their hostility to the proposals.

They will argue that the proposed rates take no account of the work involved in export loans.

Other bankers said yesterday, however, that the 16 accepting houses, who meet next week to consider the Bank's letter, may be unable to find a common line.

THE LEX COLUMN

No bigger than a man's hand

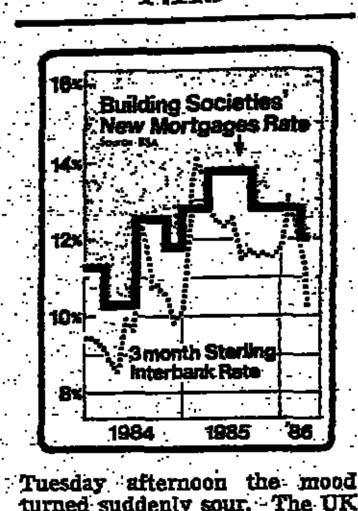
It may be time for the investment analysts to hand the UK equity market over to the couch kind. The market seems to be losing touch with reality and is quite able to recycle good news already in share prices into further optimism while shrugging off the bad. To be fair, some of the good news is turning out to be even better than expected. The Budget is still being chewed over and considered good. Interest rates are coming down faster than originally expected, without hurting sterling, and long-dated gilt-edged yields have kept anticipating base rate cuts. Yields of under 9 per cent in the gilt-edged market are doing their bit for equity prices as well. Inflation, too, is falling and low oil prices, at least until next week's Opec meeting and quite probably thereafter, are still a positive point. Dividend increases from last year's profits are sharply higher again, and *1986 profit forecasts are for 15*, 20, or even among extreme bulls, 25 per cent rises.

The more enthusiastic bulls are even arguing that p/e ratios should return to the levels seen in the great bull markets of *1968* and *1972*, which no doubt most were too young to remember. Then the industrial stocks multiple reached 22. It is 16½ now but, as James Capel ripostes, times have changed. In those days growth was higher, real interest rates were lower and oil had been $1.80 a barrel for 10 years but nobody much is listening.

As for the bad news, money figures for banking March, which ranked among the all-time worst, caused barely a wobble. The Fulham by-election was interpreted as a good result for the Tories as they managed to come second. The £1.2bn call on British Telecom was *cheerfully paid*. *A clutch of gilt-*edged taplets, totalling £400m, were regarded as better than the alternative of a full-scale tap. And the rescue of UK Provident Institution was felt to have little relevance to anyone but collectors of management curiosities.

There were one or two nasty moments during the week and it was only for the second time since January that the market, as measured by the FT Ordinary index, was lower by Friday night than it had opened on Monday. When rumours of an ICI rights issue swept round on Tuesday afternoon the mood turned suddenly sour. The UK institutions just do not have the cash to cope with large *equity issues, having committed* almost their last pennies to the markets and the various calls and, another symptom of the market, the large takeovers are not for cash. That sudden swing in sentiment last week does suggest that if the right or rights nasty surprise came along, the market would prove vulnerable.

Index rose 10.4 to 1411.9



Overseas investors are more flush, however, and while US bonds and equities are still rising the UK market can hardly fail to be dragged along. Lower interest rates around the world could keep that momentum going. Japanese investors may have been net sellers of *foreign bonds in March, but that* now looks like a bit of oriental bed and breakfasting, and in their new financial year they are buying once more.

Takeover activity has been the other spur to the UK equity market. As the Hanson Trust/United Biscuits tug-of-war over Imperial resolved itself yesterday, brokers' salesmen were already looking for the next supposed bid victim, perhaps even United Biscuits itself. And if Hanson's success is anything to go by, investors will prefer bidders who can get a quick return from the assets being bought. With p/e ratios for target companies so high, that is becoming harder to do. A bidder has to be that much more confident of extracting a lot more from a company than its existing management.

Mortgage securities

There is scarcely an investment topic as well aired as the securitisation of mortgages in the UK, but not a single piece of mortgage-backed paper has fluttered down towards investors and the money that has so far been made has accrued entirely to the organisers of conferences.

Even the National Home Loans Corporation, which set the ball rolling last autumn and the fashion for spurious American-sounding names, has yet to issue any mortgage-backed security apart from its equity—which is still trading on the strength merely of the £46m in cash raised. National Home Loans is picking up mortgage assets from local authorities and insurance companies at a rate which suggests it will touch its gearing limit of 10 : 1 before its loan stock is converted next spring. But the company will scarcely be off-loading securitised assets when it needs to increase its balance-sheet and cut expense ratios in the face of competition quite as stiff as mortgage demand is buoyant.

The building societies have had two good quarters in their ping-pong for market share with the banks, but the would-be securitisers look set to be a quite new sort of headache: the Mortgage Corporation, set up by Salomon Brothers, and the Household Mortgage Corporation will be avid for assets to package and push out the door. Another group of originators have joined together in the Mortgage Funding Corporation to raise funds through the issue of securities.

But even if the first mortgage-backed securities do not appear until the second half of the year, the readiness of so many players to commit capital to selling fixed-margin instruments—however slim that margin—should quickly ensure enough liquidity: whether fixed-margin ever becomes fixed-rate on the US model will depend on how far interest rates have to fall. Perhaps even the societies themselves, never known for putting return on assets before growth in assets, might one day try and match their high liquid liabilities on the other side of the balance sheet.

Court threat by UK over airlines' competition

By Michael Donne

"IF REAL competition" in European air services cannot be achieved by negotiation, the UK will be compelled to take the matter to the European Court.

Stating this at a meeting of the Royal Aeronautical Society in Manchester yesterday Mr Michael Spicer, Aviation Minister, said it was "outrageous" that competition in aviation matters in Europe was still so severely restricted.

He said: "Member governments of the EEC and their national airlines are running roughshod over the Treaty of Rome. We are no longer willing to see this continue. It flies directly in the face of the basic principles of the Common Market."

Mr Spicer said that if the matter were not resolved this year in the Council of Ministers the only option left would be recourse to the European Court.

The European Commission had decided it would not wait much longer for the Council of Ministers to act. It was preparing to take direct action, if necessary later this year.

"There has to be a package, which must cover market access, multiple designation (of airlines on routes), capacity and fares," Mr Spicer said.

Mr Spicer knew the Commission shared "most of our views and objectives" for air transport in the Community. However, there was one important point of difference in the regional service context.

"The Commission have still not come forward with proposals on one vital part of the package—market access. This needs to cover not only opening up of routes, but also the fundamental requirement for multiple designation, for more than one carrier from each country to compete on routes."

Robert Mauthner writes: The Foreign Office last night confirmed that Britain had been pushing hard in Brussels for an opening of the European aviation market to competition. Britain's policy was in line with the European Commission's objective of creating a real internal Community market.

It was clearly preferable that the liberalisation of the air services market should be achieved through negotiations. But if all failed, the British government would have no hesitation in taking its case to the European Court of Justice

Heathrow's Terminal Four open, Page 8

Private health and insurance may be allowed regional grants

BY DAVID THOMAS

THE DEPARTMENT of Trade and Industry is considering whether to extend eligibility for regional development grants to the private health care industry and insurance.

The department said it was carrying out an internal review of the regional policy framework announced in 1984, but details have not been released.

Extending eligibility for grants to private health care, *which has been discussed with* the Department of Health and Social Security, would be controversial.

Under the framework announced in 1984, some service activities became eligible for grant.

Officials are also considering extending eligibility to horticulture, satellite earth stations and pest control among others. They are considering excluding *management consultants and some* tobacco products.

Treasury officials have resisted proposals from the department for a relaxation in the criteria for eligibility.

Under the present rules, a job must be carried out 90 per cent within a development area and assets must be used almost entirely within a development area to be eligible for grant.

Department officials have concluded that these rules are too restrictive. They have had to refuse grants for assets and jobs, which they thought were clearly consistent with the aims of regional policy.

They therefore proposed to the Treasury that the proportion *of a job which had to be carried* out in a development area to be eligible should be reduced to 55 per cent and the proportion of assets reduced to 75 per cent.

In initial discussions, *however, the Treasury resisted* these proposals.

The department also wanted to apply to the European Commission for exemption for small companies from a commission regulation which limits the amount of regional grant that can be paid for manufacturing *projects in the assisted areas.*

The department found that almost half of all projects were affected by this regulation and most of these were in companies with fewer than 200 workers.

The department dropped the idea after correspondence with the Treasury.

It is understood that officials will have final proposals ready for ministers by the autumn.

The department declined to comment on any of the details of its review, which it described as administrative. It said its review was at an early stage, so no points were being excluded, but it was not reviewing the fundamentals of its regional *policy or the map of the assisted* areas.

Bhutto challenges Zia to permit elections and leave Pakistan

BY JOHN ELLIOTT IN LAHORE

PRESIDENT Zia Ul Haq of Pakistan was yesterday challenged by Miss Benazir Bhutto, daughter of the former prime minister Mr Zulfikar Ali Bhutto, to allow immediate elections involving political parties, and to leave the country so there could be "peaceful and graceful change."

Miss Bhutto was speaking on the day after her return from exile in London. She hopes to rouse a politically lethargic country to "peaceful revolution" that would depose President Zia so that she could become prime minister.

Miss Bhutto, leader of the Pakistan People's Party claimed that the several hundred thousand who met her in Lahore on Thursday "could have brought down the Government if it had been our intention to have violence and a changeover with bloodshed and burning of property and with loss of lives."

But, trying to live down the violent reputation of her late father's regime in the 1970's, she said the cost would have *been too high.*

"Our party has matured and wants peaceful change," she declared, repeating a message she is believed to have given political leaders in the US, the Soviet Union and Saudi Arabia, which she visited recently.

She intends to maintain a peaceful campaign as she tours the country. But her aides expect that the Government will eventually be provoked into a possibly violent response, especially if she calls for national days of protest and strikes.

Miss Bhutto said yesterday that President Zia had committed treason in ordering her father's execution in 1979. It is believed he could stand trial if indemnity laws he introduced late last year were repealed, and could be sentenced to death.

Miss Bhutto indicated that she would prefer to avoid such a confrontation were she to come to power. She said she would like "to avoid revenge and vindictive action."

When asked if she would like President Zia to leave the country, she said: "Of course if he went gracefully that would be the best thing. A lot depends on peaceful and graceful change."

Yesterday, she directed her challenges for an election at Mr Mohammed Khan Junejo, the Prime Minister, who she cast as a fellow parliamentarian rather than as a weak politician run by President Zia.

"We take him at his face value of believing in democracy," she declared, explaining that she did not regard his government as fully democratic *because it was not based on* political parties, and because political action before the elections last year was generally curtailed.

She also tried to build support for her campaign by outlining populist policies including new minimum wages for labourers, abolition of water tax for poor farmers, provision of land for peasants, creation of jobs in the public sector and an "end to hunger and disease."

These policies will form the basis of a broadly socialist programme which her party is to develop. Miss Bhutto is likely to stress, however, that she does not intend to return to the widespread nationalisation introduced by her father in the early 1970s.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 3pc '90	£85½	+ ⅝
Exch 10pc '05	£116⅛	+ ⅜
Aerospace Eng	73	+ 9
Airflow Streamlines	56	+ 9
ASDA-MFI	154	+ 8
Attwoods	161	+ 13
Berisfords (S. & W.)	255	+ 18
Cantors A	147	+ 11
Courtney Pope	371	+ 46
Ellis & Everard	225	+ 13
Evered	328	+ 28
Five Oaks Invs	76	+ 6
Goldsmiths	196	+ 20
Higgs & Hill	600	+ 22
Imperial Group	363	+ 19
Metal Closures	170	+ 26
Pegler-Hattersley	585	+ 25
Photax (London)	70	+ 5
Portals	845	+ 35
Porter Chadburn	275	+ 15
Racal Elects	204	+ 12
Reabrook	60	+ 7
STC	160	+ 16
Stothert & Pitt	190	+ 27
Trusthouse Forte	194	+ 6
Unigate	282	+ 9
FALLS		
British Telecom	258	− 10
B.H. Prop	338	− 12
Harris Queensw'y	294	− 14
SGB	334	− 12

WORLDWIDE WEATHER

UK today: Mainly dry in England and Wales after cloudy start. Continuing cloudy in Scotland and N Ireland. Outlook: clearer

	Y'day midday	°C	°F		Y'day midday	°C	°F		Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	C	13	55	Corfu	F	17	63	Luxmbg	C	10	50	Peking	S	20	68
Algiers	C	16	61	Dallas	C	13	55	Madeira	F	15	59	Perth	S	22	72
Amsdm	C	2	36	Dublin	F	7	45	Madrid	F	9	48	Prague	Sn	−1	30
Athens	S	18	64	Dbrvnk.	F	16	61	Majorca	F	15	59	Rykjvk.	R	6	43
Bahrain	C	29	84	Ednbgh.	C	7	45	Malaga	F	20	68	Rhodes	S	21	70
Barclna.	R	10	50	Faro	F	14	57	Malta	—			Rio J'o	—		
Beirut	—			Florence	C	15	59	M'chstr	C	5	41	Rome	F	16	61
Belfast	C	8	46	Frankft.	F	1	34	Melbne	C	17	63	Salzbrg	C	1	34
Belgrd.	F	10	50	Geneva	Sn	3	37	Mex Ct	—			S'cisco†	F	8	46
Berlin	Sn	−3	27	Gibrltr.	F	17	63	Miami†	S	18	64	Singapr	T	30	86
Biarritz	—			Gl'sg'w	C	9	48	Milan	C	10	50	S'tiago†	—		
Bmghm	F	3	37	G'nsey	Sn	3	37	Montrl	F	2	36	Stckhm	F	1	34
Blackpl.	F	8	46	Helsinki	—			Moscow	C	3	37	Strsbg	F	1	34
Bombay	S	34	93	H Kong	F	28	82	Munich	C	−1	30	Sydney	—		
Bordx.	F	7	45	Innsbrk	C	3	37	Nairobi	C	24	75	Tangier	C	14	57
Boulgn.	C	3	37	Invrnes	R	7	45	Naples	F	16	61	Tel Av.	S	26	79
Bristol	F	6	41	I.o.Man	C	6	43	Nassau	—			Tenerife	S	23	68
Brussels	F	1	34	Istanbul	S	16	61	Nwcstl.	F	6	43	Tokyo	R	12	54
Budpst.	—			Jersey	Sn	4	39	N Delhi	S	34	93	Tr'lot	Sn	−1	30
Cairo	S	33	91	Jo'burg	F	24	75	N York†	C	5	41	Tunis	S	19	66
Cardiff	F	5	41	L Plms.	S	19	66	Nice	S	14	57	Valencia	F	15	59
Caps T.	S	23	73	Lisbon	C	17	63	[illegible]				Venice	F	12	54
Chcg.†		3	37	Locarno	R	7	45	Oporto	C	8	46	Vienna	C	4	39
Colgne	Sn	1	34	London	F	4	39	Oslo	F	2	36	Warsw	Sn	−2	28
Cpnhgn	S	2	36	L. Angl.†	F	14	57	Paris	C	5	41	Zurich	C	−1	30

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Moratorium ends

Continued from Page 1

to a resumption of Soviet tests.

The US administration's view is that Moscow pursued its policy only as long as it did not need to test and could make propaganda out of the pause. Officials said President Ronald Reagan made quite clear that US tests would continue, at a meeting with Mr Anatoly Dobrynin, the retiring Soviet ambassador to the US, on Tuesday *at the White House.*

In the Soviet view, the decision to resume tests does not necessarily reduce the chances of a Gorbachev-Reagan summit this year. Long after it had become clear that the US would continue to test, Mr Gorbachev was telling US congressmen that he still favoured a summit this year.

His approval of a date seems to depend on a measure of arms control having been agreed with the US, possibly at the meeting of Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, next month. Moscow would like a re-affirmation ofthe anti-ballistic missile treaty of 1972 or a reduction in the maximum megatonnage tonnage of nuclear tests.

The statement yesterday, from the Soviet news agency Tass, summarises a series of Soviet initiatives in recent months, *including an offer by Mr Gorbachev* in late March to meet Mr Reagan in Europe to discuss a nuclear test moratorium. Moscow has said repeatedly that, although the summit in Geneva last November was useful, because it improved the atmosphere between the superpowers, the next meeting in the US must produce positive results.

The Soviet foreign ministry said yesterday that Mr Georgy Kornienko, the Soviet Deputy Foreign Minister, and Marshal Sergei Akhromeyev, the army Chief of Staff, will hold a news conference on Monday.

The best in Nevada brought strong condemnation from US congressional liberals and advocates of arms control. Senator Edward Kennedy, said that the administration was "squandering one of the best opportunities in many years to achieve a comprehensive test ban treaty."

Another Massachusetts Democrat, representative Ed Markey, *said: "This may be one small* boom in the desert, but it's a big bomb for arms control."

Dr Georgy Arbatov, an adviser to Mr Gorbachev and the head of the USA and Canada Institute in Moscow, said recently that the US Administration had swung to the right and that, in some ways, US-Soviet relations were worse than before the November summit. However, it was important that the USSR take the initiative in arms control, even if its proposals were not taken up by Washington, he added.

US battle groups

Continued from Page 1

including Americans. Other officials warned that an attack on the inland camps would result in the loss of American aircraft and their pilots.

Pentagon officials said the most likely option was a response "proportionate" to the latest terrorist attacks, in which the US would concentrate on military and communications installations and try to minimise civilian casualties.

The US fleet would not enter the disputed gulf of Sirte, where US and Libyan forces exchanged fire last month, these officials said. Any air strike from the carriers would be launched from as far away as possible, to keep the fleet out of range of Libyan attack.

Some reports have suggested that other options could include the use of FB-111 bombers based in Britain, or even B-52s flying from the US. Officials said, however, that the idea of using the UK-based bombers was fading, because of the likely opposition of the British Government.

Consumer Group ... + 23.33 Insurance Brokers ... + 4.54 Trusthse. Forte 27 188 +11 Weir 23 137 − 2

Financial Times Saturday April 12 1986

INDUSTRIALS—Continued

1986 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
82	Midland Marts	103		4.0	2.1	5.5	12.3
61	Mitchell Cotts	67	+1	4.25	1.5	8.9	(9.5)
81	Monks & Crane 10p	103		2.7	2.7	3.7	14.2
10	Morgan Crucible	246		8.5	1.6	4.9	17.1
15½	Morris (W) F.A. 20p	22		0.5	♦	3.2	♦
98	Moss (Robt.) 10p	98		3.0	2.7	4.3	10.5
65	Mysom Grp 10p	99		2.65	♦	4.0	♦
59	NMW Computers	349	+5	6.0	♦	0.9	22.3
27	Nash Inds.	33		0.5	—	2.3	—
26	Neill & Spencer 10p	19		♦	—	—	5.7
28	Newman Inds 10p	29		0.8	♦	4.1	♦
50	Nolton	53		0.95	5.9	2.5	7.6
86	Norank Systems 5p	110		3.0	♦	3.8	♦
87	Norcros	258		8.6	2.0	4.7	14.0
49	Nu-Swift 5p	67		3.0	1.9	6.3	10.9
80	Oakwood Grp.	87		5.0	1.3	8.3	12.1
03	Office & Elect	215		7.5	2.6	4.9	11.0
70	Oldacre 20p	90	−8	4.0	2.6	6.3	8.0
25	Optometrics $0.01	25		0.2	2.1	6.3	8.4
00	Oriflame £1	625		24.5	♦	0.3	♦
8	Overstone 12½c	9		3.2	1.9	11.6	4.5
128	Ozalid 9pc Cnv 87-92	£264	−1	9%	—	3.4	—
95	PCT Grp 10p	95		3.2	1.2	6.9	21.0
50	PLM 'B' Sk25	£16½	−¼	Q23.2%	0.3	3.9	—
14	PSM Intl.	152		5.25	2.5	4.9	10.4
47	Pacer Systems $0.01	240		0.04c	3.4	1.1	26.8
60	Pacific Sales 10p	60xd		3.0	1.2	7.0	16.4
25	Park Place 10p	246xd	−7	6.25	1.9	3.6	20.7
46	Parker Knoll 'A'	420xd	+5	9.5	2.9	3.2	15.3

LEISURE—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
89	58	Leisuretime Int 10p	79xd		2.3	♦	4.1	♦
115	100	Lowndes	112		s2.63	3.0	3.3	13.8
220	170	Media Tech Int 20p	175	+2	12.58	3.4	2.1	14.2
175	145	Medminster 10p	160		5.35	2.7	4.7	10.9
220	130	Miles World 10p	155xd		5.2	♦	4.7	♦
78	62	Nationwide Leisure	74		3.75	2.5	7.1	6.6
17	10½	Nimslo Int 20c	11½		—	—	—	—
34½	23	Owners Abroad 3p	34		1.0	2.2	4.1	15.2
90	46	Photax (Lon.)	78	+5	—	—	—	♦
34	28½	P'dilly Radio NV 5p	31		2.0	1.2	9.1	13.1
50	37	Pineapple Dnc St 10p	44		—	—	—	—
391	280	Pleasurama 5p	349	−2	7.5	♦	3.1	♦
178	136	Do. 7pcCvCumRedPf	165		7%	—	6.0	—
134	89	Pres Entertain 50p	124		2.0	2.1	2.3	29.4
35	18	Radio City 'A' NV	35		—	—	—	—
37	33	Radio Clyde N/V	35		3.25	0.9	13.1	11.4
368	328	Really Useful Grp 5p	330xd		11.25	2.2	4.8	13.6
64	53	Riley Leisure 10p	59		—	—	—	—
230	195	Saga Hols. 20p	197		4.6	♦	3.3	♦
355	260	Samuelson Grp 20p	325		2.4	6.0	1.0	25.5
111	73	Sangers Photo 10p	105		2.0	1.9	2.7	27.4
175	142	Scarro 50p	145	−5	4.0	♦	4.0	♦
325	188	Scott. TV 'A' 10p	325		10.5	♦	4.7	♦
294	173	SeaCo Inc $0.125	197		—	—	—	—
33½	7	SelecTV 10p	11½	+1	—	—	—	—
37	20	Spectrum 5p	23		2.0	4.8	‡	2.4
45	31	TSW 5p	40xd		1.7	2.4	5.8	9.9
210	150	TVS N/Vtg 10p	203		8.0	♦	5.6	♦
180	150	Television Svcs 50p	155		1.5	4.3	1.4	24.3
61	50	Tottenham Hotspur	52		4.0	—	‡	—

MINES—Continued

Miscellaneous

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
300	200	Cons. Murch. 10c	225		Q85c	3.9	‡
34	29	Ennex Int. Ir10p	32		—	—	—
101	70	Greenwich Res	88		—	—	—
143	103	Hampton Areas 10p	103		3.75	0.9	4.9
245	165	Highwood Res	227		—	—	—
£19⅞	£15⅝	Homestake Mining $1	£15½	−¼	Q20c	—	0.9
310	185	McFinley Red Lake	190	−10	—	—	—
285	210	Musto Explorations	235	+15	—	—	—
51	40	New Sabina Res C$1	45	−1	—	—	—
260	210	Northgate C$1	222		—	—	—
790	513	RTZ	710	−8	22.0	♦	4.5
£164	£115	Do. 9½pcLn '95-2000	£147½	+1	Q9½%	14.0	f6.6
950	800	Tara Exptn $1	912	+12	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	113	.....
Craig & Rose £1	£13	.....
Finlay Pkg. 5p	69	.....
Holt (Jos) 25p	770	.....
IoM Stm. £1	83	+1
IRISH		
Fund 11¼% 1983	[illegible]	[illegible]
Nat. 9¾% 84/89	[illegible]	[illegible]
Fin. 13% 97/02	£124⅞	+⅛
Arnotts	385	−5
CPI Hldgs	62	.....
Carroll Inds.	212	.....
Dublin Gas	53	+3
Hall (R. & H.)	69	.....
Heiton Hldgs.	27	−1
Irish Ropes	70	.....
Unidare	198	+5

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

Keeping your head on the slippery slopes

IT WAS a less than auspicious start to the new financial year. Small shareholders inundated their brokers with selling orders and the All-Share Index fell by 1.2 per cent on Monday setting the mood for the next two days that even a half point cut in base rates could not change.

The mid-week money supply figures gave equities another nudge downwards, despite the resilience of gilts, and by Wednesday evening the market had *shed almost 2.6 per cent within* three days—only to make up half the lost ground the very next trading session.

But this is a volatile market and a slip of that size hardly means anything at all. The Index would have to fall by at least that much again before any warning bells started to ring in fund managers' offices. The market has been so strong this year that it would be foolhardy to take traditional advice of selling before the top. Nobody knows where or when the top will come. Even the bears believe that there are so many short term bullish factors that the market has a way to go yet. The trick will be in getting out before the slide (if there ever is one) really gets under way.

Though for those of nervous disposition the market's rating looks daunting. Assuming profits growth of something over 15 per cent for the industrial sector in 1986, the market is sitting on a prospective p/e of just over 15. *That is way above* anything seen in recent history. The average figure during 1981 to 1985 was under 12. Go back further to 1974-85 and the multiple drops to under 10. To find anything like today's market you have to search in the late 'sixties and early 'seventies where the average was a touch over 16. But life, or at least the oil price, was more stable then.

The engineering sector has featured in the news this week with a £175m bid from F. H. Tomkins for the larger Pegler-Hattersley group. Tomkins, which is guided by ex-Hanson lieutenant Greg Hutchings, has made an all paper offer with 13 of its own shares for every seven Pegler which, after Tomkins' shares shot up, values each Pegler share at around 570p.

Although the Pegler board may go through the ritual of rejecting the approach the defences look low. Its profits performance has been lacklustre and *it probably made little more* than £18.5m pre-tax in the year just ended compared to £18.1m the year before. So Tomkins is offering an exit p/e of 15, which is a very fair price.

At this early stage nothing should be ruled out and Pegler might go in search of a white knight although it is hard to see who would be prepared to trump the Tomkins' bid. *Possibly if Mr Hutchings* threw in a cash alternative the Pegler camp might endorse his offer but unless the market nosedives in the coming weeks Tomkins paper looks more attractive than a bankable cheque.

There have been plenty of rumours flying around in recent weeks that this bid would emerge although it could be argued that McKechnie might have been a better target.

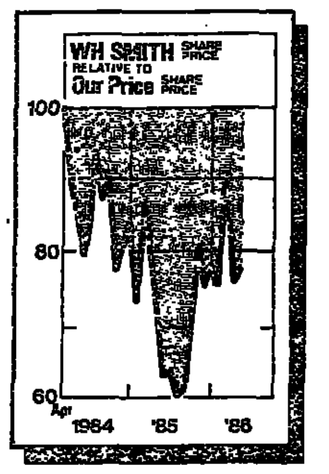
Anyway the Pegler deal is a good one for Tomkins if it can be pulled off. The potential for earnings per share growth is

London

there and for the year to 1986-87 *combined profits suggest* a prospective p/e of just 16 for the enlarged group.

Of course the Tomkins bid is really about management and the City's perception of management. Evered, which is run by the Abdullah brothers, is also grouped with Tomkins, Suter and Williams as the emerging groups to transform the engineering sector.

Evered's figures were out this week showing a jump in pro-



fits from £3.4m to £7.9m and *analysts are looking for £10.5m* this year, dropping the prospective p/e to 12.5. That is not high for this select band of four companies but the City has begun to question Evered's management. The company is still sitting on a 20 per cent stake in TI and while that may be showing a very good profit, that is not what the investment was about. And Evered is not going to get its hands on TI now.

Meanwhile the gods are still moving the furniture in the High Street. In the last year or so something approaching a fifth of the retail sector, as judged by *market capitalisation*, has changed hands. This week W H Smith launched an agreed £43m bid for Our Price, the specialist records and tapes chain. Fancy Price might be a better name.

If Our Price makes £2.4m for the year to May, Smith is paying an exit p/e of 33. Even allowing for some rapid growth, Smith may see earnings dilution of around one per cent in the *year to spring '87*. Beyond that the deal may enhance earnings but in pure financial terms the numbers are not particularly relevant.

So the rationale for the *takeover* is that Smith is making a long term strategic move which will pay dividends in three or four years' time. However in a fast changing retail environment such strategic thinking might actually be a gamble. If Dixons, for example, wins its battle for Woolworth the new owners could put a lot more weight behind Woolies' record and tapes departments. In three or four years the price competition could become cut-throat.

It is hard to feel particularly positive about Smith's latest acquisition especially as the entrepreneurial management that comes with it might feel their motivation waning despite being locked in for four years.

Nevertheless the group's shares do appear undervalued against the sector as a whole. Smith has forecast £49m pre-tax for the current year against outside forecasts of £52m which is a touch disappointing but if some of the market's forecasts are right in suggesting 20 per cent growth, Smith's prospective p/e for the year to May '87 drops to around 14 compared to a sector average of closer to 17½.

The market's perception of Turner & Newall has changed remarkably in recent months and this week the group took advantage of its rapidly rising share price to launch a £48m rights issue, eliminating debt and preparing the balance sheet for a *sizeable acquisition*.

Once armed with the cash the directors will go looking for something costing around £100m. That is as much as they are prepared to say about their *acquisitive ambitions* but it is a fair bet that they will go for something stable—if a little unexciting.

After last year's 44 per cent jump in profits to £39.6m the *group could be on its way to* £45m in the current year, before adjusting for any acquisitions it might make, leaving the earnings multiple a little over 8½. There are still some doubts about the quality of parts of its earnings base but the rating could be pushed towards 10 without straining credibility. So it might not be long before the price reaches 260p, having been under £1 at the beginning of the year.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,411.9	−9.0	1,425.9	1,094.3	Firm close to volatile week
Airflow Streamlines	56	+20	56	34	Speculative demand
Boosey and Hawkes	200	+68	225	127	Tentative bid approach
Five Oaks Investments	76	+18½	76	43	Asset injection hopes
Good Relations	138	−30	178	110	Valin Pollen merger talks terminated
Helical Bar	190	+31	193	56	Demand in thin market
Hunting Petroleum	122	+22	130	100	Increased dividend and profits
Jessups	126	+31	126	71	Speculative support/thin market
Kleinwort Benson	755	−75	830	565	Vendor placing at 755p per share
Laing (John)	430	+31	430	296	Impressive annual results
McKechnie Bros.	222	+29	238	185	Hopes of new Williams Holdings bid
Our Price	630	+65	705	505	Agreed bid from W. H. Smith
Pegler-Hattersley	585	+183	585	333	Bid from F. H. Tomkins
RTZ	710	−70	790	513	Fading bid hopes offset good figures
STC	160	+24	162	98	Revived bid speculation
Smith (W. H.) A	318	−42	360	240	Agreed bid for Our Price
Smiths Industries	291	−28	325	227	Interim results disappoint
Standard Chartered	877	+72	895	420	Lloyds bid approach
Sunleigh Electronics	34½	+7½	35½	17½	Asset injection hopes
Wardle Storeys	305	+30	310	209	Bid for BFD

Profiting from paper

COMPUTER system designers and peripherals suppliers whose business is furthering progress towards the paperless office have been in the full glare of often unfavourable publicity during the recent shake-out in the electronics sector.

At the low-tech end of the office equipment sector, however, little is said or heard about the companies which provide the paper clips, staplers, envelopes and typewriters which sit on the conventional desk.

Not surprising, you might suppose, in the light of the stodgy and low-growth nature of the business: and yet, the four companies which make up the USM's office equipment sector are among the highest flyers on the market.

Two, in fact, have flown so high that they are about to disappear from view altogether. Stat-Plus is moving to the main market on Monday and UDO announced this week that it would be following suit on May 9.

Stat-Plus and UDO have a number of features in common. Both have found lucrative niches in supplying *specialist stationery products* to particular markets; both are expanding from their London bases; and both have amply rewarded those who subscribe to their *placings at 110p in 1984* as share prices are now at 300p and more.

Stat-Plus began life in 1973 as an office furniture and general stationery supplier, but *gradually dropped the furniture* side of the business and began specialising in stationery for legal practices in London and the south-east.

Today, more than 80 per cent of its sales go to the legal profession, and its particular niche is supplying a range of 850 forms which lawyers use for proceedings such as conveyancing, bankruptcy and divorce.

Stat-Plus does have competition in the shape of the unquoted Oyez Stationery, but this has not stopped its expansion. It recently opened offices in Bristol, and profits rose from £1m to £1.5m last year.

UDO started in 1919 as a contract draughtsman and plan copying business. It now supplies drawing office equipment to draughtsmen, architects and consultant engineers and provides a high-tech copying service which many of its clients would find too expensive to operate on their own.

USM
UNLISTED SECURITIES MARKET

The company has succeeded in extending its customer base to include clients such as oil companies, the computer industry and government. It has also used its USM quotation to full advantage by issuing shares to help finance the acquisition of a Scottish reprographics company and a Manchester competitor. Monday's interim figures showed half-year profits more than doubled at £1.2m against £500,000.

Another common feature of Stat-Plus and UDO is that they both have unusual names (UDO stands for Universal Drawing Office). The same could hardly be said of Ronald Martin, the *Manchester-based office equipment and stationery supplier*: but if this company's title is mundane, its performance is not.

Ronald Martin's share price has nearly doubled in the five months since it came to the USM. Placed at 90p last November, its shares put on 5p to 175p on Thursday as the company announced a 51 per cent increase in 1985 profits from £600,000 to £904,000.

There are two sides of the business. One is wholesale dealing in fancy stationery—for example, buying excess stocks from the Continent and passing them on to British store groups. The other is retailing a wide range of office equipment, from pencils to suites of furniture, mainly by catalogue.

Ronald Martin is intent on expanding the office equipment side of its business through acquisition, and has shown no hesitation in seizing opportunities to do so: it had hardly been on the USM three months before acquiring a big Nottingham supplier, Frank Groome.

Outside the high street, office equipment retailing is a highly fragmented business offering ample scope for growth, and the market has high expectations of a further acceleration in Ronald Martin's profits as the economies of scale feed through from further acquisitions.

The fourth company in the sector, Southern Business, is another specialist: its main activity is supplying photocopying machines. It makes its money by installing the machines in customers' offices and charging them according to the number of copies they run off.

In profit terms, the company has proved to be a lively and reliable performer, but its shares have performed sluggishly by comparison with the others in the sector: at 138p, they are only 14p above the placing price of a year ago.

The difficulty here is that the profits growth, although strong, is highly predictable, while what the market wants is pleasant surprises. Southern Business talks of acquisitions but has yet to make exciting ones, and there is unlikely to be much action in the shares till these come.

Richard Tomkins

Currency movements hit Glaxo

IF GLAXO'S profits, due on Tuesday, are a little grey by its recent standards, it is not the company's fault. The City is expecting about £236m for the *six months to December*, a comparatively pedestrian advance of 18 per cent. However, unhelpful movements in currency may have cost Glaxo about £65m in sales and £15m in profit, whereas the previous year's figures were given a boost of about £12m by swings in exchange rates.

The anti-ulcer wonder drug, Zantac, should have done well in the US, France and Japan despite competition from Yamanouchi, which has recently launched a rival product.

During the first half, Farleys Health Products went into liquidation and the results are likely to contain a charge of about £11m. Meanwhile, cash flow should have continued strong, with liquid funds up by about £90m.

With its interim results, **HAWKER SIDDELEY** broke with the habits of a lifetime by inviting analysts to its first-ever brokers' meeting. The company will issue another invitation on Wednesday when brokers will gather to mull over year-end profits of around £160m.

All Hawker Siddeley's divisions showed strong growth in 1985. Electricals, buoyed by a sparkling performance from the railway division — which *includes Westinghouse with its* Singapore contract—has fared particularly well.

The traditional territory of mechanical engineering has been less buoyant and its share *of profits has shrunk from 50* per cent in 1984 to little more than 30 per cent in 1985.

Mining activities, however, staged a complete recovery in the wake of the UK pit strike. And the decision at the interim stage to swap year-end for average yearly currency translation has salvaged £10m or so for these results.

Almost every building materials supplier has produced lack-lustre results for 1985 and Ready Mixed Concrete will be no exception when it unveils a fall in profits to £77m or so on Wednesday.

Results due next week

Like all cement manufacturers in this country, Ready Mixed fell victim to the wet, windy weather and icy temperatures of early 1985. These domestic problems were compounded by the near-collapse of the building industry in West Germany, which has traditionally produced a high proportion of profits and where the company's cement division lurched into losses.

Sales in other European markets, principally France and Spain, fared well as did business in the US, although an adverse dollar exchange rate detracted from its contribution to profits.

However, neither these successes, nor recovery in the UK during the mild weather of the closing months of the year, could compensate for the problems of the first half.

TAYLOR WOODROWS's 1985 results are expected to take the same pattern as John Laing's, which were announced last week. The engine driving pre-tax profits forward to an expected £48m (£42.5m) will be the housing division, which should have done well overseas and corrected last year's losses in Scotland.

Meanwhile, property (which caused investors some angst last year when the company quashed hopes it would float off *the division) should have done* well, and is likely to produce rents of more than £2m.

The contracting market has not been easy but Taylor Woodrow should just about manage to claw back last year's fall, with stronger profits coming through from the Far East and Africa.

A typically sparse statement from the **SAVOY** on Tuesday is expected to belie the riches of the results. Profits should comfortably exceed £10m, compared with £8.1m last year. In 1985, the flow of American tourists into London was even greater than in 1984, and with about half its visitors coming *from the US the Savoy should* have increased its occupancy rates still further.

Meanwhile, the increasing willingness of the well-heeled British to eat out, and the boom in business conferences, should mean excellent profits from food and beverages.

The market will doubtless be looking beyond the 1985 figures and wondering what this year's number will look like if (or when) the US tourist boom *fizzles out*.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Allied Plant	Wednesday	—	—	—
APV Holdings	Wednesday	4.5	6.75	4.5
Assam-Dooars	Thursday	—	9.0	—
Baillie Gifford Technology	Monday	—	0.85	—
Bentalls	Thursday	0.35	1.75	0.4
Benford Concrete Machinery	*Thursday*	1.0	2.75	1.0
Betec	Thursday	0.5	1.0	0.5
Boustead	Tuesday	—	—	—
Bowater Industries	Tuesday	3.5	6.0	3.75
Bowthorpe Holdings	Tuesday	2.07	3.41	2.33
Brewmaker	Thursday	0.3	0.6	0.3
British Motor Holdings	Wednesday	1.25	4.75	1.25
Brixton Estate	Thursday	2.1	3.05	2.3
Carlton Industries	Wednesday	—	—	—
Cory, Horace	Thursday	0.4	0.6	0.2
Dewhirst, I. J.	Monday	0.24167	0.675	0.28
Dinkie Heel	Monday	0.2	0.35	0.2
EIS Group	Wednesday	1.65	4.35	1.85
Etam	Wednesday	0.9	2.1	1.15
Ex-lands	Thursday	—	0.6	—
Fitch and Company Design Consults	Wednesday	1.7	3.61	2.0
Fogarty	Wednesday	1.6	2.42	1.6
Fortnum and Mason	Monday	5.0	30.0	6.0
Gold and Base Metal Mines	Thursday	—	—	—
Govett Oriental Investment Trust	Friday	0.8	1.525	1.0
Hall, Matthew	Wednesday	0.625	3.2625	1.5
Hammerson Prop Invst and Devp. Con	Thursday	2.0	6.5	2.0
Hawker Siddeley	Wednesday	4.1	7.7	4.5
Helene of London	Tuesday	0.37	1.11	0.5
Hestair	Thursday	1.5	2.075	1.5
Higgs and Hill	*Wednesday*	4.5	7.8	5.0
Hyman	Tuesday	0.5	1.0	0.75
Juliana's Holdings	Wednesday	0.77	1.225	0.875
Laporte Industries (Holdings)	Thursday	2.4	4.1626	3.2
London Park Hotels	Tuesday	3.15	4.23	3.5
Newarthill	Friday	—	11.0	—
Northern Engineering Industries	Wednesday	1.65	3.6	1.65
Owners Abroad	Tuesday	—	1.0	—
Parambe	Monday	0.4	0.7	0.45
Petrocon	Tuesday	1.75	3.5	2.0
President Entertainments	Tuesday	—	0.1	0.67
Quick, N. and J.	Thursday	0.5	2.0	0.6
RMC	Wednesday	4.4	8.6	4.6
Roberts, Adlard	Monday	2.0	4.0	2.0
Savoy Hotel	Tuesday	—	2.8	—
Scottish Mortgage and Trust	Thursday	3.2	4.3	3.2
Sindall, William	Tuesday	2.0	8.0	3.0
Smaller Companies International Trust	Thursday	0.5	1.2	0.5
Steel Brothers	Tuesday	4.0	12.0	4.0
Taylor Woodrow	Tuesday	4.0	11.0	4.0
Telephone Rentals	Tuesday	2.25	4.0	2.5
Thurgar Bardex	Monday	—	0.2	0.2
Tilbury Group	Thursday	1.4	3.4	1.5
Turriff Corporation	Wednesday	—	7.0	—
United Ceramic Distributors	Wednesday	1.0	2.5	1.0
Western Dooars Tea	Thursday	—	6.0	—
INTERIM DIVIDENDS				
Adwest	Wednesday	1.8	6.15	
Berry Trust	Friday	—	1.05	
British Empire Secs. General Trust	Thursday	0.2	0.3	
Chrysalis Group	Friday	—	3.95	
Fisher, Albert	Wednesday	0.66	0.84	
Gable House Properties	Tuesday	1.25	1.625	
Glaxo Holdings	Tuesday	3.0	7.0	
Govett Strategic Investment Trust	Friday	1.3	2.3	
Highland Distilleries	Monday	0.58	1.42	
Kalamazoo	Thursday	0.5	1.3	
Kwik Save Group	Friday	1.4	3.4	
McKechnie Brothers	*Thursday*	2.5	5.5	
North Atlantic Secs. Corpn.	Thursday	1.0	2.4	
Wade Potteries	Wednesday	1.0	2.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.25	5.38	4.17	3.03	monthly	1	—	0.7
High interest cheque	8.00	8.24	6.38	4.64	quarterly	1	2,500 minimum	0
3-month term	6.75	6.92	5.36	3.90	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.64	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90 day	8.50	8.68	6.72	4.89	half yearly	1	500 minimum	90
Premium	8.42	8.69	6.73	4.90	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.17	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.73	8.92	6.91	5.03	half yearly	1	2,500 minimum	0
Schroder Wagg	7.29	7.54	5.84	4.25	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	6.93	5.04	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	8.92	6.64	5.33	4.20	half yearly	4	—	0
10% Treasury 1990	8.83	6.00	4.44	2.98	half yearly	4	—	0
10.25% Exchequer 1995	8.83	6.02	4.46	3.00	half yearly	4	—	0
3% Treasury 1987	7.87	6.96	6.46	5.99	half yearly	4	—	0
3% Treasury 1989	7.13	6.19	5.68	5.20	half yearly	4	—	0
Index-linked 1990¶	7.72	7.13	6.77	6.44	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
AC Cars	95*	213	85	1.90	Mr W. West
Addison Page	248†	260	250	40.36	Chetwynd Streets
Berisford (S. W.)	253†	255	230	485.26	Hillsdown
Bush Radio	153†	145	155	14.43	Prestwich Hldgs
City & Forgn Inv	112§	129	115	4.48	Barvard Secs
Clive Discount	50*	50	47	11.95	Bache Group
City Gentlemans	930§	900	775	6.87	Bestwood
City Gentlemans	875†	900	775	6.45	Fredericks Place
Cope Allman	360†	363	282	81.23	Hawley Group
Distillers	760§§	713	510	2,760bn	Argyll Group
Distillers	760§§	713	627	2,760bn	Guinness
Dixon (David)	362½	350	325††	6.59	Gelfer (A. J.)
Extel Group	400*	395	370	169.66	Demerger Corp
Haslemere Ests¶	640*§	635	505	188.62	Rodamco Prop
Home Charm	359	335	333	183.63	Ladbroke
Imperial Group	338§§	336	291	2,556bn	Hanson Trust
Kenning Motor	227‡	215	173	59.54	Tozer Kemsley
Martonair Intl	400	390	325	82.15	IMI
Marshalls Univrsl	82§	79	82†	15.40	British Syphon
McCorquodale	215	225	210	110.19	Norton Opax
MCD	211‡	204	198	26.95	Crowther (J.)
Newman Tonks	170§§	140	96	53.37	McKechnie Bros
Our Price	626‡	630	575	40.91	Smith (W. H.) A
Pegler-Hattersley	592§	585	472	180.92	Tomkins (F. H.)
Promotions House	36‡	32	23	9.15	WPP Group
Raybeck	47‡*	43	44	17.43	Legibus 687
BFD Group	185	183	120	23.90	Wardle Storeys
Shaw Carpets	23½	31	29	4.14	Lamont Hldgs
Staffs Potteries	132	127	123††	6.87	Colorol
Staffs Potts Pref	304§	310	255††	4.89	Colorol
Stdrd Fireworks	138§§	138	135	7.76	MY Dart
UKO Intnl	255§§	240	182	35.91	Suter
Utd Com & Tech¶	123§	115	105	8.82	Park Place
Woolworth Hldgs	739	835	633	1.645bn	Dixons Group
W. W. Group	364§	335	255	9.00	Crowther (J.)

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. || Unconditional. ** Based on April 11 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended. || Swedish kroner. a Cash offer; alternative paper offer made.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aldcom Int'l	Dec	1,280	(1,270)	3.5	(2.8)	1.1	(0.86)
Ash & Lacy	Dec	3,010	(2,870)	34.5	(32.9)	20.25	(20.0)
Astley & Madeley	Dec	1,870	(1,500)	—	(—)	5.06	(4.55)
Ayrshire Metals	Dec	760	(338)	9.7	(4.6)	2.0	(0.5)
Baird, William	Dec	14,550	(11,629)	56.8	(47.5)	19.42	(17.3)
Beauford Group	Dec	818	(710)	15.1	(11.9)	5.25	(4.5)
Beazer Corp	Dec	1,620	(152)	13.9	(1.2)	5.0	(5.4)
Blackwood Hodge	Dec	7,160	(3,040)	6.7	(2.3)	—	(—)
Bodycote Int'l	Dec	3,050	(1,760)	26.0	(13.7)	6.0	(4.5)
Bray Tech	Dec	785	(750)	8.4	(8.2)	3.0	(2.75)
Britannia Arrow	Dec	19,720	(14,100)	14.2	(10.5)	4.2	(3.5)
British Alcan	Dec	43,500	(49,800)	—	(—)	—	(—)
British Dredg	Dec	1,680	(1,350)	—	(—)	3.0	(3.0)
British Syphon	Dec	2,100	(1,070)	9.8	(5.0)	3.0	(2.4)
Burmah Oil	Dec	52,000	(36,433)	35.0	(24.0)	12.75	(10.75)
Caparo Ind	Dec	950	(2,720)	—	(—)	1.65	(1.65)
Cookson Group	Dec	67,600	(52,300)	36.3	(35.7)	7.75	(6.25)
Cowells	Dec	825	(540)	7.5	(4.4)	1.5	(—)
Dwek Group	Dec	130	(177)L	1.7	(—)	—	(—)
Erith	Dec	1,130	(952)	7.1	(6.3)	3.3	(3.1)
Evered Hldgs	Dec	7,870	(3,440)	18.1	(11.4)	3.5	(2.7)
Farmer, S. W.	Dec	1,200L	(1,530)	—	(—)	—	(3.1)
Finlay Pack	Dec	830	(1,000)	5.9	(7.3)	3.25	(3.25)
Foulks Lynch, C.	Dec	334	(—)	5.9	(—)	2.68	(—)
French Conn	Jan	4,880	(7,530)	15.6	(19.1)	5.25	(5.25)
Friendly Hotels	Dec	38	(17)	22.4	(16.4)	6.0	(6.0)
Gaskell Broad	Dec	1,130	(1,200)	14.0	(15.4)	5.5	(5.0)
Glynwed Int'l	Dec	35,600	(26,500)	27.7	(22.5)	10.5	(9.25)
Hewden-Stuart	Feb	7,220	(6,350)	5.7	(4.3)	1.7	(1.5)
Hunt Pet Serv	Dec	2,260	(5,280)	—	(—)	8.5	(8.0)
Jerome, S.	Dec	331	(85)	12.8	(7.6)	2.5	(2.82)
Johnston Group	Dec	5,560	(4,460)	—	(—)	7.5	(7.0)
Kalon	Dec	2,790	(2,900)	1.4	(1.3)	0.5	(—)
Kwik-Fit	Feb	6,630	(4,230)	7.5	(5.2)	2.1	(1.75)
Laidlaw Group	Dec	914	(417)	12.5	(7.2)	2.5	(2.3)
Laing, John	Dec	34,130	(30,300)	35.5	(31.5)	7.0	(6.0)
Laird Group	Dec	28,980	(24,100)	34.9	(20.7)	6.0	(5.5)
Lec Refrigeration	Dec	2,770	(3,356)	25.9	(36.4)	8.5	(8.5)
Lon & Cont Adv	Dec	3,500	(2,570)	25.2	(18.9)	2.25	(1.6)
Macfar (Clans)	Dec	4,020	(3,010)	7.3	(6.4)	2.48	(2.16)
Marshalls Univ	Dec	1,390	(1,800)	5.2	(4.0)	2.0	(2.0)
Metsec	Dec	1,850	(658)	—	(—)	—	(—)
Martin, R.	Dec	904	(388)	7.4	(3.5)	0.5	(—)
Moorgate Group	Dec	440	(257)	5.4	(3.1)	1.4	(—)
More O'Ferrall	Dec	2,810	(2,220)	6.7	(5.8)	4.0	(3.4)
Mowlem, John	Dec	13,100	(11,100)	30.2	(26.7)	14.0	(11.9)
Newman Ind	Dec	300	(3,100)	—	(—)	0.5	(—)
OCL	Nov	20,200	(55,600)	—	(—)	—	(—)
Pearl Assurance	Dec	16,440	(14,550)	—	(—)	44.0	(38.0)
Pentland Ind	Dec	40,240	(12,900)	35.3	(10.7)	1.5	(0.87)
Portals	Dec	25,040	(17,550)	66.7	(48.4)	22.0	(18.8)
Queens Moat	Dec	10,500	(6,563)	4.8	(4.0)	1.6	(1.3)
Raybeck	Jan	57	(1,170)L	—	(—)	0.5	(0.25)
Riley Leisure	Oct	751	(1,230)L	1.8	(—)	—	(—)
RTZ	Dec	236,000	(218,500)	58.1	(—)	22.0	(20.0)
Ruberoid	Dec	7,070	(6,600)	28.9	(24.7)	8.6	(7.8)
Rugby Portland	Dec	21,840	(27,900)	13.7	(14.5)	6.4	(6.2)
Senior Eng	Dec	5,180	(2,870)	3.6	(1.4)	1.7	(1.5)
Scanro Hldgs	Dec	560	(414)	11.0	(0.7)	2.5	(0.7)
Scottish TV	Dec	4,840	(3,690)	32.5	(24.2)	10.5	(8.5)
Sharna Ware	Dec	295L	(105)	—	(—)	2.45	(2.45)
Simon Eng	Dec	28,130	(24,230)	29.5	(25.5)	8.5	(8.0)
Spirax-Sarco	Dec	16,170	(13,410)	13.6	(11.5)	8.3	(4.83)
Stewart Wright	Dec	18,730	(13,830)	24.6	(19.1)	11.0	(9.0)
Sunleigh Elec	Dec	188	(179)	0.5	(0.5)	—	(—)
Watts Blake	Dec	4,620	(4,252)	13.6	(11.5)	4.6	(4.06)
Westwood Dawes	Dec	102	(32)L	—	(—)	—	(—)
Wilson (Conn)	Dec	20,290	(15,852)	28.9	(20.7)	4.0	(3.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Arenson Group	Feb	236	(60)	0.4	(—)
Cooper, F.	Jan	1,210L	(207)	—	(0.55)
Dowding & Mills	Dec	2,010	(1,780)	0.58	(0.53)
Ferry Pickering	Dec	1,310	(853)	1.4	(1.0)
Grosvenor Group	Dec	187L	(449)	—	(2.25)
Lon & Prov Shop	Dec	484	(1,110)	2.1	(2.0)
Memcom	Dec	52	(2,200)L	—	(—)
NEXT	Feb	13,640	(9,660)	1.3	(1.0)
Share Drug	Mar	351	(—)	0.9	(0.7)
Smiths Ind	Feb	22,900	(30,180)	1.75	(1.5)
Tyzack, W. A.	Jan	162	(125)	0.6	(0.6)
UDO Holdings	Jan	1,210	(550)	1.5	(1.25)
Wardle Storeys	Feb	1,800	(1,488)	2.0	(1.7)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

SCRIP ISSUES

Baird, William—One for two.
Beauford Group—One for one.
Glynwed International—One for four.
Portals—One for two.
Wilson (Connolly)—One for one.

RIGHTS ISSUES

F & C Eurotrust—To raise £6.1m through a one for four rights issue at 221p.
London and Manchester Group—To raise £26.9m through a one for six rights issue at 730p.
Mowat, William—To raise £0.48m through a three for one rights issue at 16p.
Sharna Drug Stores—To raise £4.3m through a one for six rights issue at 265p.
Turner & Newall—To raise £46m through a one for four rights issue at 175p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Colne Valley Water—Raising £10m through an offer for sale by tender of £5m 6½ per cent redeemable preference shares 1992-94 at a minimum price of par, and a placing of £5m 10 per cent debenture stock 1996-98 at par.
London & Provincial Shop Centres—Placing £15m 10 per cent first debenture stock 2026.
Queens Moat Houses—Raising £35m through a placing of first mortgage debenture stock 2020 at par.
River & Mercantile Investment Management—Offer for sale of 35m shares at 10p and 14m income shares at 75p.

WEEKEND FT

Saturday April 12 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Profits of boom

When Heathrow's Terminal 4 opens today the accent will be as much on the duty-free shops as on the passengers, says Nicholas Faith.

THE SUCCESS of Heathrow's Terminal 4, which opens today, will be measured not only in terms of passengers and the way they—and their baggage—are treated, but also by the profits the British Airports Authority, which runs Heathrow, can earn from the new duty-free facilities.

The new shops, like those at Terminals 2 and 3, are run by Allders, the Hanson Trust subsidiary which started as a group of department stores. This is no coincidence. Allders is one of the two giants which are increasingly dominating the world duty-free scene: Adrian Bellamy, the chairman of the other, Duty Free Shoppers, whose group runs most major Pacific outlets says bluntly: "We are merchants, not duty-free operators."

Duty-free is now very big business. On its broadest definition, worldwide sales of goods not subject to excise duties, sales or value-added taxes amount to about $8bn. These include sales of duty-free goods to diplomats—a speciality of the Swiss group, Weitnauer—and shops on ferries and cruise liners—another Allders' stamping ground. But the biggest growth, and the most intriguing area, is of sales at airports. The Swedish specialist, Generation Publications, says duty-free sales at the airports in 1984 were more than $4bn.

Moreover, sales of traditional products—wines, spirits and tobacco products—now account for a mere 40 per cent of the duty-free sales. The growth is coming in areas such as cosmetics, confectionery and even electronic goods. The new shops at Terminal 4 are designed to accelerate the trend. The orthodox items, like tobacco and spirits, are at the back, past what Allders calls its *"supermarket" full of tempting new* electronic gadgets, ties, woollens and other goodies. And when the buyer does penetrate the inner sanctum he will be tempted by strictly up-market items in a specially *air-conditioned room* (complete with closed-circuit television) full of cigars and dozens of malt whiskies—including a bottle of Glenfiddich with a solid silver stag's head for a mere £596; and (*the ultimate in kitsch*) bottles of whisky disguised as golfbags which are labelled Royal St Andrews and are much prized by Japanese.

The airport operators themselves are unlikely retailers: traditionally they were government departments, and are still largely staffed by civil servants and engineers, who tend to see duty-free areas as small left-over spaces to be rented out. Sheer inexperience on both sides has led to some cases of over-bidding for concessions, though now airport operators either have the confidence to run the shops themselves (as at Amsterdam's Schipol Airport) or to forecast with some accuracy the *revenue they can gain from the available* space. Too often this is limited and unsuitable. Terminals designed with duty-free sales in mind are still the exception. And at American airports there are no *"air-side"* areas at all: duty-free salesmen can only show dummies or samples of their goods, which is bound to be a fatal problem with luxury goods and perfumes where the customer obviously wants to handle the product.

Sophisticated operators are not necessarily interested only in the profits from selling to their passengers. The Dutch, for example, sacrificed much of the profit potential by emphasising the availability of cheap shopping at Schipol to attract passengers, while the airport at Frankfurt, like those at, say Riyadh, or Dallas-Forth Worth, was built with prestige in mind.

But if Schipol is about passenger flow and Frankfurt is about glamour, London's airports are about profit. Indeed, the plans for privatising the British Airports Authority, which *runs* Heathrow and Gatwick, depend entirely on the income from trading activities (similarly Sealink, privatised last year, depends on its on-board shops, which the company itself runs, for a substantial part of its profits). BAA is an even more extreme case. In its last financial year the authority lost £21.7m handling aircraft and the passengers and cargo they carried, but made £96.3m from "trading activities." These included the rents and profits from "landside shops," concessions to caterers, banks, and car rental firms, posters and the like, but the heart remains the vice-like grip BAA imposes on its duty-free concessionaires.

Other authorities settle for a fixed rent and a share of the turnover. The BAA decides on layout, helps train the staff and promote the shops, and takes a varying share of the retail price (which it decides). The exact percentages are a strictly guarded secret, although the figure allegedly reaches 50 per cent or more with some spirits. "There's not a great deal of profit left," admits Alan Blacher, BAA's commercial director. *But he is not primarily concerned with* rival airports. "My comparison," he says, "is with the High Street," and he aims to keep prices at least 20 per cent below. Duty Free Shoppers goes on further, boasting *that its prices are lower* than anywhere else in the Pacific region, emphasising the point with big price comparison charts.

Blacher is in charge of two of the world's biggest duty-free airports—Heathrow is Number 1 with nearly $100m of sales, and Gatwick probably in 10th position with near $50m. But "I am singularly footloose and dissatisfied with our achievements," he says. "Partly, it's a result of long lead times. Terminal 4 was designed in 1980, so the landside shopping area is far too small. Stansted, which reflects today's thinking, won't be open till 1990." Blacher is operating within limits imposed by BAA's stern commercialism, itself a reflection of government policy.

Heathrow, *in particular*, is a high-pressure sales point. Terminal 3 has the highest sales per square foot of any retail outlet in the world: the present 7,500 square feet of space (due to be *doubled in the near future*) achieves takings of over £40m, 12 times Marks & Spencer's average sales per square foot. But Blacher would prefer less high a pressure in a bigger shop: "If only we had Frankfurt's space," he says—adding "If only they had our profits."

Like all airport operators, BAA depends greatly on the passenger mix, especially their nationalities. "You have *to remember where they are going,"* says Christian Dior who is happiest with a flow of Japanese customers. They are now extremely well-heeled, accustomed to bringing back handsome presents to *friends and relatives, buying expensive* perfumes by the dozen, liable to pay taxes of over 200 per cent on spirits yet able to bring back three bottles duty-free. No wonder Anchorage, at the *moment the last foreign port of call for* many Japanese returning home, enjoys the highest sales-per-passenger of any airport in the world, six or seven times Heathrow's level, while Honolulu and *Vancouver are also high in the league* table. When a new generation of ultra-long-range jets enable flights to go direct from Europe to Tokyo, Anchorage may well follow Shannon—a duty-free pioneer—into relative decline.

Anchorage's loss will be a gain for Paris, a favourite starting-point for Japanese returning home, rather than London which is too third world-orientated an airport to be an ideal duty-free location. "I'd swap you half a million Trinidadians for a hundred thousand Swedes," says one disgruntled English operator. Like the Japanese, the Scandinavians are rich and heavily taxed at home. Not surprisingly, the *Baltic ferries* have some of the highest duty-free sales per customer in the world, while the duty-free shop at Chicago's O'Hare airport flourishes on sales to Norsemen returning home.

The Americans themselves, unaccustomed to heavy duties on liquor and tobacco (or to international travel) are "simply not educated to duty-free" in the words of Patrick Grady, who runs O'Hare's *duty-free concession. Americans*, who account for over two-fifths of the world's passenger mileage, buy less than one-fifth of the duty-free goods sold. By contrast, the heavily-taxed Canadians are prime targets: *the 15m Ontarians who* cross the border every year are major customers for the 45 duty-free stores on the American side of the 49th parallel—the Canadian side of the border has been much less promising territory.

For their part British travellers are *notoriously* suspicious. Allders found that the mass of tourists travelling through Luton, for example, were convinced that the particular brand of spirits they liked would be cheaper in Spain and Greece, where it probably was not available at any price. The Luton tourists have, however, proved unexpectedly attracted to gifts rather than booze, so the operator has to divide his precious space between the safe stand-bys of liquor and tobacco, and the *newer sectors. He is inevitably* beseiged by the producers, almost all of whom have special duty-free sales teams—though travellers tend to stick to the brands they know at home.

Dior mounted a major marketing effort in Japan, partly to help sell to Japanese customers abroad. Historic *brand strength matters more than* present management competence. Duty-free operators respect Seagram's marketing skills, for instance, but its Chivas Regal brand is swamped by the universally known Johnny Walker, which alone accounts for every eighth bottle purchased.

The operators have a choice. "We try either to make them buy more of *the regular standbys or dream up new* products," says Alan Blacher. At the moment sales are still concentrated on old reliables. Generation Publications says wines and spirits remain the biggest *single item in duty-free, with nearly* $1bn worth of sales, double the sales of perfumes and cosmetics, which have overtaken tobacco products. (According to Guntram Brendel of Weitnauer, "Over a third of non-smokers used to buy cigarettes as a gift. Now they don't" —although smokers from such heavily-taxed countries as Britain, France and Switzerland remain steady customers.)

Perfumes and cosmetics are growth products—tax free outlets account for some 15 per cent of all the perfume bought in Britain. "Cosmetics are a desperately difficult item to sell at airports," says Christian Dior. "People need time to choose." They also need help. Men, *in particular, prefer to be* sold their perfumes by pretty sales girls, and that takes time, space and staff, all at a premium in the bustle of duty-free shops. Only recently, and tentatively, have airports allowed self-selection for perfumes, and even this is still "*guided*" by sales staff alert to the slipping of small packages into handbags. Nor can they advertise too openly the savings available—cosmetics buyers do not like to think that they are *buying* on price alone—and the manufacturers have their regular outlets to think of.

New products help: Swiss-made gold chocolate bars have been a famous success, while a British company, Famous Names, has developed a fast-growing business in selling liqueur chocolates. It started with Harvey's sherry and, against the general rule, has *concentrated on brands which appeal to* Americans, like Jim Beam Bourbon and Amaretto di Sarono, because Americans are not allowed to buy liqueur chocolates at home. Sometimes sheer retailing expertise is called in. *"We're looking* for items not available on British high streets," says Peter Harper, "like a new watch which keeps your future appointments in its computer."

As Famous Names found, the easiest way to introduce new products is to attach well-known names to them. Such stalwarts as Dunhill offer an ever-expanding range of goods, while buyers are still attracted by what Guntram Brendel calls "That old warhorse, a gift with purchase. It's still galloping," he adds, citing Heathrow's £2 premium offer on spirits sales as a great help.

Sheer breadth of choice is the airports' biggest weapon against the other players *in the duty-free game—the airlines them*selves. Heathrow does not allow them to distribute leaflets advertising the items available on board and the airlines are naturally indignant. "We are in *competition with BAA,"* Richard Blake of British Caledonian told a recent seminar. "Whose customers are they anyway?" The airlines have their own problems with duty-free. Cabin staff are traditionally unionised and unwilling to act as salesmen. Pilots dislike the idea of floods of liquor in the passenger cabin, and every additional kilogram of duty-free on a long-haul flight adds $5 to the fuel costs—so not surprisingly, airlines are clamouring for distillers, in *particular, to switch from glass to lighter* plastic bottles. But on-board sales can be especially crucial for charter companies carrying tourists, their profits squeezed by the tour companies. Not surprisingly, the sales-per-head of non-scheduled airlines tend to be greater than of those running scheduled routes.

The airlines have their advantages. "There's a big travelling community which is always late and simply doesn't have the time to shop," says Blake. An on-board audience is captive: it can be influenced by sales pitches projected with a film; Alitalia has an on-board credit card; and other airlines arrange for heavier goods to be delivered on arrival.

Logically, duty-free shops on arrival are the answer to a lot of the problems involved with *duty free*. "Arrival shops" were pioneered by the Egyptians at Cairo Airport, and have found favour with countries which are looking for any possible source of foreign exchange—especially if, like some Far Eastern countries, they can supply attractive electronic goodies.

But although 20 countries now have them, arrival shops are marginal compared with the *operators'* real concerns. For instance, they are naturally worried that the Japanese will reduce their countrymen's duty-free allowance. They also face a convoluted political problem within Europe (*which accounts for over a half of the duty-free* business), because in theory, of course, the EEC's internal market should be complete by 1992. The whole question has become inextricably linked with such apparent irrelevancies as the "butter boats" selling cut-price groceries just outside national limits. So the Germans, in particular, don't want to be seen *backing duty-free outlets, the Danes and* the Irish, with their high excise taxes, dislike the loss of revenue from duty-free, while the Benelux countries, which have their own internal customs-free *pact, are largely indifferent. The French* are ambivalent: duty-free forms an important outlet for French luxuries like cognac and perfumes. The British alone in the EEC are firmly in favour of duty-free.

Nevertheless, the omens are unfavourable for the free-marketeers. The original tender document for bidders for the Channel fixed link did not guarantee that duty-free facilities would be available as a source of revenue. *Nevertheless, they are being included* in the actual plans for the Chunnel. In the final analysis, it appears, duty-free can always rely on nationalism — and governmental greed.

The Long View

How natural wealth can be a curse

North Sea oil seems to have proved as much of a problem as a boon to Britain. Automation will lead to similar problems around the world, argues Anthony Harris.

THE DISCOVERY that the collapse of oil prices is good news for Britain rather than bad — now cautiously confirmed by the Bank of England in its quarterly bulletin — has surely been the big shock of 1986. It has revitalised the stock market and seems to have altered the perceptions of currency traders. The value of sterling in the out*side world is now only mildly* affected by the latest oil news. Everyone knows the story by now; oil was throttling the life out of the rest of British industry and the *fall in sterling* will revive it. Meanwhile, the lower price means that the future shock from falling oil *output* will be more manageable. It is as if a promising *lad* had escaped the embraces of a rich *widow* to make his way in the world.

This is all very true; but it is also very odd. Generally speaking, the collapse of a product in which a *country or a* region has a comparative advantage is anything but good news. While Britain celebrates, Texas edges towards financial collapse in the *company of* Nigeria, Mexico, and many other oil producers. The US farm belt is sunk in despair about low grain prices, and Australia and New *Zealand* are quietly *suffering* in much the same way. In poorer countries affected by low commodity prices, especially in Africa, the resuls are likely to be tragic rather than merely uncomfortable.

Why, then, should Britain be celebrating? At first sight, it would seem that we must have mismanaged our affairs quite spectacularly to turn an oil bonanza into an apparent misfortune. A closer look reveals that we have nearly £100bn of foreign assets to be thankful for; but there is still a puzzle over economic management.

It is not just a British question; indeed, the problem that arises in any country which enjoys a large windfall in natural wealth was already well known to economists before the North Sea came on stream. It was known as the Dutch disease. The discovery of large gas fields near Groningen produced results *which are now very fami*liar in the UK—a squeeze on profits, a rise in welfare spending, and a huge rise in unemployment.

*Britain did, quite unintention*ally, learn something from Dutch experience. By electing Mrs Thatcher just as the oil began to flow, we avoided the *Dutch mistake of* using these temporary finances to support a large and permanent rise in the individual level of welfare support, which has undermined work incentives *in Holland and* left the Dutch government with intractable budget problems. By abolishing exchange controls, we also avoided the follies of countries *like Venezuela where* oil paid for huge, useless, public sector projects.

However, we also made a lot of *mistakes*. A conference on the Dutch disease held by the Centre for Economic Policy Research last year—which will soon be out as a book—pointed out some of them. Monetary policy should have been relaxed to accommodate rising national income; instead, it was tightened. Industry should have been given some modest help to get through a temporary period when it would be squeezed (this has happened in all resource-boom countries, for reasons I explored a few weeks ago); instead, subsidies were *cut and energy charges* raised faster than inflation.

An alert reader might already have noticed that there are two sets of problems mixed up here. One set reflects the fact that British oil and Dutch gas will not last for very long; we both failed to develop policies for the post-hydrocarbon era, and *it is probably lucky* that the price collapse (which may also be short-lived) has mobilised market forces to do the job instead. This rates at least a *wry footnote in any discussion* of policy-making in a democracy.

However, there is also a structural problem which applies even in countries where natural wealth is permanent. *Where the* resources sector is large—as, say, in Australia or Argentina—other activities seem to lag permanently. Such economies are *marked by protectionism*, trade union militancy, inefficiency, and long-term comparative decline.

This can be seen as a question of *comparative advantage*; if we earn a large surplus from oil (or banking and insurance, for that matter), we will probably have a large deficit in other markets because market *forces ensure* that current accounts tend to balance in the long run. This, however, is simply a long-winded way of saying that countries tend to specialise, as people do; an accountant does not expect to make his own shoes.

Indeed, the problem is partly one of perception and partly one of distribution. Imagine, for example, that British oil had been found not in the North Sea but evenly distributed in every back garden. Household incomes would have risen and competitiveness would have suffered (if we all became rich enough to stop working, we would be totally uncompetitive), but everyone would have been compensated. Little or no problem.

However, when most of a country's *tradeable wealth is* produced by a small minority of its people, problems do arise. Much activity in the rest of the economy comes to perform the function of distributing wealth rather than creating it, as Hilaire Belloc realised many years ago when he wrote of Lord Westbourne, who tried to mend the electric light. It knocked him dead and serve him right! It is the duty of the *wealthy man to give employ*ment to the artisan. Even anti-productive activities help here—a point missed by the US commentator who remarked that *Americans could not stay rich* by sueing each other.

This may look like a frivolous analysis, but it is profoundly serious; for in the age of the *automatic factory, most tangible* wealth will be produced by very few people and some variety of Dutch disease will be endemic. As my colleague, Samuel Brittan, remarked *after* the Budget, the economics of the future will be concerned with distribution more than production; and we must solve the problem not simply for humanitarian reasons but to preserve a market for the goods we produce.

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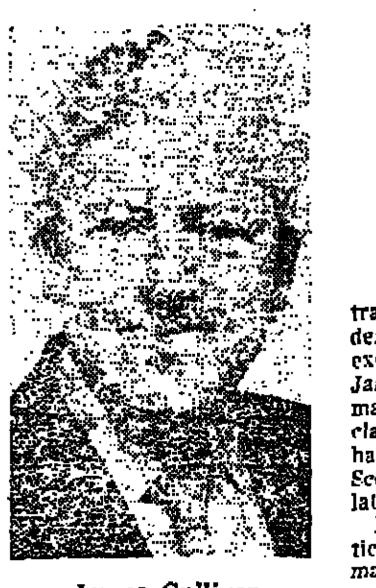
FINANCE & THE FAMILY

Fight for Distillers near end



James Gulliver

Ernest Saunders

ONE OF the most bewildering bid marathons of all time draws to a close next week. By 3 pm on Friday we will know who has won control of Distillers—Guinness or Argyll.

It is a bid that has made a habit of breaking the rules. First, a supermarket group (Argyll) bid for a spirits company (Distillers) several times its size and, in the process, smashed the conventions of the City underwriting club. Then, when the "ghastly grocers" looked certain to rout the old gentlemen of the spirits fiefdom, Guinness muscled in as an aggressive white knight.

Having neatly, and again unconventionally, secured the interests of its own shareholders by dumping its underwriting costs on the hapless Distillers, Guinness tripped up over the Office of Fair Trading and the bid was referred.

The next innovation was borrowed from the other three-sided mega-bid — United Biscuits-Imperial-Hanson which has so closely paralleled the Argyll-Guinness contest. Like Imperial's sale of Golden Wonder, Guinness and Distillers agreed to sell a number of small brands to reduce market share in UK scotch whisky. The improved Guinness offer was waved through by the OFT and has subsequently ridden through several legal attempts from Argyll to block it.

We have had big business charisma in the widely contrasting shapes of Ernest Saunders the super-smooth chief executive of Guinness, and James Gulliver the robust chairman of Argyll. We have had claims of "dirty tricks" and hard lobbying of politicians, the Scottish establishment and, latterly, Distillers' institutions.

Distillers' shareholders, particularly the private investor, may be entitled to feel rather weary. It was, after all, as far back as August that rumours began to circulate about an Argyll bid.

But the weariness has been alleviated as the shares increased in value by more than 150 per cent. In August, Distillers was slumbering at below 300p: whoever wins next week will pay between 750 and 800p (in shares) for each Distillers share.

This windfall might encourage some small shareholders in Distillers to feel they don't much care who takes over their company as they have done so well already. This is a view both Argyll and Guinness obviously are doing their best to discourage.

So who should the small shareholder back? Unless the market collapses, Argyll's superior cash alternative at 660p (compared with Guinness's 630p) is likely to remain irrelevant as selling in the market will provide over £1 more.

If you accept shares, most of Guinness's four options are likely to remain slightly ahead of Argyll's offer in capital terms—especially if an element of convertible is included. But Argyll's offer of 1.25 ordinary shares, one convertible pref and 162.75p for each Distillers share will provide slightly higher income in the first year.

The closeness of the two offers means that the argument has centred to an unusual extent (again paralleled by UB-Imperial-Hanson) on the relative management skills of each team. Both have impressive records, strong City fan clubs, and very similar plans for getting more out of Distillers.

Nevertheless, the dominant market judgment is that Guinness has the edge. The value of its offer is likely to remain at least 20p above Argyll's and it has more acceptances under its belt; it has the benefit of the Distillers board recommendation, which might sway the more conservative investor, and it wins on industrial logic.

Argyll looks like the plucky loser but could pull out another surprise. It has run a good campaign and points out that there might be a conflict between Guinness's premium Bells brand and the various Distillers premium brands. Argyll has also left a small dark cloud floating over Guinness-Distillers in the form of the European Commission investigation. But although Argyll has some experience in beverage brand management in the US, Guinness has far greater experience backed by an international network.

One possibility is a stalemate. Argyll's offer closes on April 16—two days before Guinness—although Mr Gulliver can extend by two days. If by the 16th he has more than 35 per cent, he will be tempted to push forward to victory.

That, however, could result in both bidders ending up with 45 per cent each which would be in nobody's interest. Presumably, one side would have to sell out to the other.

David Goodhart

Income schemes

TWO UNIT trust groups have announced monthly income schemes aimed at providing a higher return by investing more in shares and less in fixed interest securities.

Target's new Monthly Income Plan will invest 40 per cent in the group's Income Fund; 35 per cent in the World Income Fund; and only 25 per cent in the Gilt Income Fund, effectively meaning that 75 per cent will go into equities. The old monthly income plan had two-thirds of its investments in gilt and preference shares and only one-third in equities.

The initial gross yield is reduced as a result to 6.22 per cent at present prices, compared with 7.8 per cent previously, and is designed therefore for investors wanting growing income and capital growth instead of a high initial income.

The same objective is cited by Prolific in its launch of a monthly income portfolio. This will invest in four of the group's unit trusts to provide a portfolio which includes fixed interests investments, but puts the emphasis on UK and North American equities. In both cases, the minimum investment is £[illegible]000.

AN INSURANCE protection programme for expatriates has been launched by Lloyds Bank. The package includes separate insurance policies covering life, health and personal belongings. There is even a policy offering protection against an unexpected liability to UK income tax if the expatriate is forced to return to Britain prematurely.

SAVE and Prosper is taking what it describes as a new route into Europe with its European Income and Growth Fund launched today. It claims that the fund is geared for the next phase in the booming markets by combining a mixture of equities (55 per cent) and convertibles and bonds (40 per cent) in its planned portfolio.

The group says that convertible markets in Europe still have tremendous scope for development and there is also a growing awareness among European companies of their shareholders' desire for income. At home, S & P says it has detected a strong growth in investor interest in income-producing funds. Gross estimated yield of the new fund will be 5.5 per cent. The offer price of 50p will be fixed until May 2.

APPLICATION lists for Kleinwort Benson's Cayman Island international currency fund will open, and close, on Monday. Up to 49,990,000 redeemable preference shares of US 1 cent each will be offered. These can be designated to five different classes of share denominated in sterling, US dollars, D-Marks, Swiss franc and the yen.

Kleinwort Benson says the fund has access to higher rates of interest generally payable on deposits of over $500,000 (or other currency equivalents) and offers the security of investing in bank deposits and other short-term money market instruments. Investors will have a liquid asset and a holding that can be switched between classes without cost.

A disadvantage from UK investors' point of view is that it is not intended to seek distributing status for the fund, so British residents may find that any profits made on the disposal of shares are subject to UK income or corporation tax. Minimum initial investment is $5,000 or its equivalent.

A GLOBAL Protection Plan aimed at providing low cost insurance for British expatriates, and foreign nationals not resident for tax purposes in the UK, has been launched by Premium Life International, of Guernsey.

The plan is similar to unit-linked UK life assurance schemes, but as the contract is written overseas the funds to which the plan is linked benefit from being tax free. Fund management is being provided by G. T. Henderson and Societe Generale, as well as Premium Life itself.

There is a hefty initial charge on the actual purchase of units in the selected fund of 7 per cent plus a unit price rounding up of not more than one per cent. In addition, for the first two years your money buys only "capital" units on which an additional charge of 3.5 per cent is imposed.

A UNIT-LINKED endowment plan, designed for the repayment of mortgages over a 10 to 35-year period has been introduced by the Gresham Assurance Group.

Under the plan the monthly premiums paid to produce the capital sum needed to repay the mortgages are invested in a choice of five Gresham funds. Four of the funds are managed by Framlington, but the property one will be looked after by N. M. Rothschild Asset Management.

It is estimated that a growth rate in the underlying funds of 7.5 per cent annually is needed to repay the mortgage. Should the growth rate exceed 7.5 per cent either the mortgage can be repaid early or the surplus can be taken at the end as a tax-free cash sum.

NEWS that a life company is entering directly into the home mortgage market is common place these days. A company that is not on the major building societies' inner panel of life companies for endowment mortgages, will not get rich from the growing endowment market—the potential of which is underlined by Norwich Union's advertising campaign.

Abbey Life, Britain's second largest linked life company, is a pioneer in many respects. It was the first linked life company in Britain, if not the world. It was also the first to develop the use of a linked life contract to repay a mortgage.

But that in itself is not sufficient to ensure success in the endowment mortgage market. Life companies have to be prepared to provide the cash for the mortgage as well as the contract to repay the loan.

But the development of financial services is resulting in more people expecting to be able to make their mortgage finance arrangements in their homes. If a life company wants a householder to use a life policy to repay a mortgage then they have to guarantee that funds will be available.

The price differential of mortgages, as represented by the interest rate charged, is narrowing between financial institutions. Competition to provide mortgages will concentrate more on the service provided. Life companies, especially those with direct sales forces calling on people at their homes, can offer that service.

Abbey Life has now entered this field backing up its MortgageMaster policy with a mortgage guarantee through a new subsidiary Abbey Life Home Loans. It has arranged an initial £100m of finance through Samuel Montagu

A borrower's market

BARCLAYS BANK fired another salvo in the mortgage war on Thursday cutting its home loan rate by 0.5 per cent to 11.75 per cent. The bank said the new rate would be effective from May 1 for new and existing borrowers. It will reduce the monthly payments on a £30,000 repayment mortgage over 25 years from £244.20 to £237.

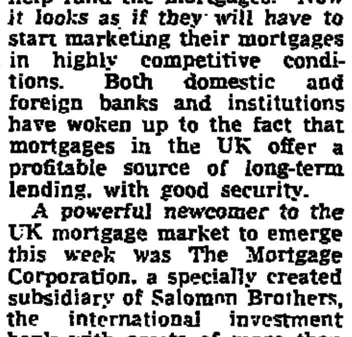
Although the reduction gives Barclays the cheapest basic home loan rate among leading lenders, there was no reaction from other clearing banks or building societies, whose rate is 12 per cent. It was claimed that the cut was not big enough to justify an immediate response.

However, there is likely to be quick action if there is a further downward move in interest rates after the 0.50 per cent reduction in base rate this week to 11 per cent.

THE mortgage market may never be the same again. The entry of a whole new set of mortgage suppliers, willing and eager to lend money, has added to the confusion already created by the cut in interest rates and hopes of even lower mortgages in the months ahead.

Borrowers are now faced with a plethora of choice, not only in the rates offered but also in the types of mortgages available. It is like going into a restaurant and finding that the number of dishes on the menu has multiplied; it may be pleasant to have the extra choice but it can make life difficult, especially if some of the traditional dishes that you know and like are removed. Increased competition from banks, insurance companies, other financial institutions and overseas organisations anxious to enter the UK home loans market is forcing building societies, the traditional suppliers of mortgages, to change their ways or be forced out of business.

So far building societies



have concentrated on developing their investment business to help fund the mortgages. Now it looks as if they will have to start marketing their mortgages in highly competitive conditions. Both domestic and foreign banks and institutions have woken up to the fact that mortgages in the UK offer a profitable source of long-term lending, with good security.

A powerful newcomer to the UK mortgage market to emerge this week was The Mortgage Corporation, a specially created subsidiary of Salomon Brothers, the international investment bank with assets of more than $60bn which claims to be the largest underwriter of mortgage finance in the world.

The Mortgage Corporation made its presence felt very quickly, fixing its interest rate for low-cost endowment mortgages at 11.75 per cent and launching a £2m advertising campaign appealing directly to the consumer. Mr Hugh Freedberg, chief executive of the Corporation, said he believed a fundamental change of attitude had occurred . . . "it's now the customer who is king."

The interest rate of 11.75 per cent charged by The Mortgage Corporation is based on Libor (London Interbank offered rate) and will be reviewed every three months in accordance with movements in the Libor market. However the size of the spread (the premium over Libor) is not fixed, so any adjustment made can be varied according to mortgage market conditions. At the same time, the rate to new borrowers may be changed more frequently, perhaps on a monthly basis, in line with the trend in general interest rates.

For bargain hunters, the latest issue of Bley's Mortgage Tables mentions Loughborough (annuity only), Chorley, Cheltenham and Gloucester, Gold Loan and Security Pacific as being among the lenders offering 11.75 per cent—the "most competitive in the market at present."

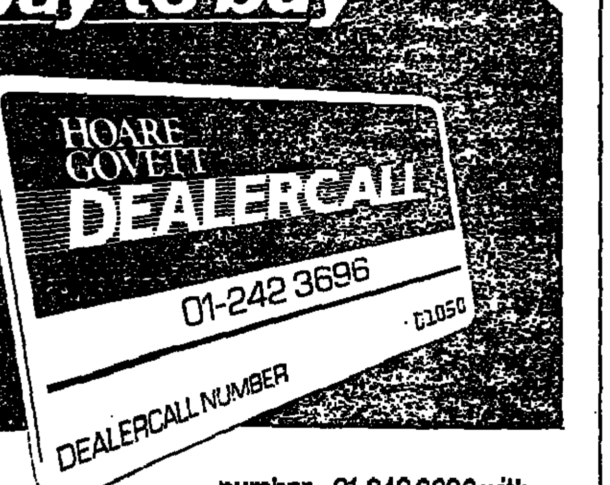
Subsequently Fairchilds, the London financial services company, has cut its lending rate on endowment or pension-linked home loans of over £30,000 to 11.75 per cent. A special attraction, according to Fairchild's, is that the borrower's own solicitor can act for both the lender and the borrower, thus reducing legal fees.

Chemical Bank is offering an even lower rate of 11.25 per cent, but only for new borrowers who are prepared to commit themselves to a fixed rate for the next 12 months. After that they return to the normal variable rate.

The signs are that cut in interest rates may well force another general downward shift in mortgages, even though the building societies claim they have discounted this week's reduction.

Another foreign bank, Canadian Imperial Bank of Commerce, is also offering 11.25 per cent for new borrowers but on a floating basis. It has cut its rate for existing borrowers from 13 to 11.75 per cent, and is offering new borrowers a discount of 0.5 per cent below this level to last for 12 months. If overall interest rates continue to decline then CIBC says it will be able to offer even cheaper rates, while existing borrowers should be kept happy by the cut in the basic rate to a competitive level.

John Edwards



Spaniards catch the shares bug

YOU COULD hardly get near a news stand in Madrid last Sunday. Two papers were distributing number cards for stock market games and both were rapidly sold out. Since the games started on Tuesday, Spaniards by the thousand have been scrutinising lists of stock prices.

For all its addication to lotteries, Spain would hardly have seemed the obvious market for games of this nature. Who cares in Spain about stock markets? They have long played only a marginal role; a small group of people dealing in a small and unrepresentative group of companies. And anyway, until the boom started, they spent a decade in the doldrums.

However, after two years of big profits and snowballing trading volumes, an extra spurt this year—coinciding with sharp rises in other world markets—has brought the exchanges (Bolsas) into the limelight and into the public's consciousness.

Madrid

Since 1984, Spain has been among the world's strongest markets and an increasingly attractive target for institutional investors from other European countries—especially Britain and West Germany—wanting to diversify their portfolios.

Manuel de la Concha, chairman of the Madrid Bolsa—which with the foreign inflow has increased its domination over the three other regional exchanges—reckons that the foreign share of equity trading, after reaching 20 per cent in 1985, will climb to about 30 per cent this year.

Total daily trading volume in Madrid has risen from between Pta 500/600m in 1980 to Pta 10bn (£46.5m) now. In the past 12 months, it has roughly doubled. Share transactions in the first quarter were 140 per cent up on the same 1985 period.

What might seem odd at first sight is that the boom has taken place under a socialist administration—the first time the Left has taken any share of government for half a century.

Before Spain held its referendum on Nato a month ago, shares had already recovered the ground lost since they last peaked in the spring of 1974. The majority "yes" vote in the referendum, for which business had been hoping as a sign of continued political stability, was the psychological signal for a fresh take-off.

Unprecedented one-day rises of 6.78 points in the Madrid General Index and as much as 12.71 points in Bilbao (where no limits are put on the price-change permitted in any one share before it is withdrawn from trading) marked the end of the recovery and the beginning of a new phase.

The peak so far this year on the Madrid Index, which is rebased at 100 at the beginning of each year, came on April 1 when it reached 162.56. But the banking sector, backbone of the market, hit its own summit two days later when it touched the magic 200 mark—a gain of 100 per cent since December.

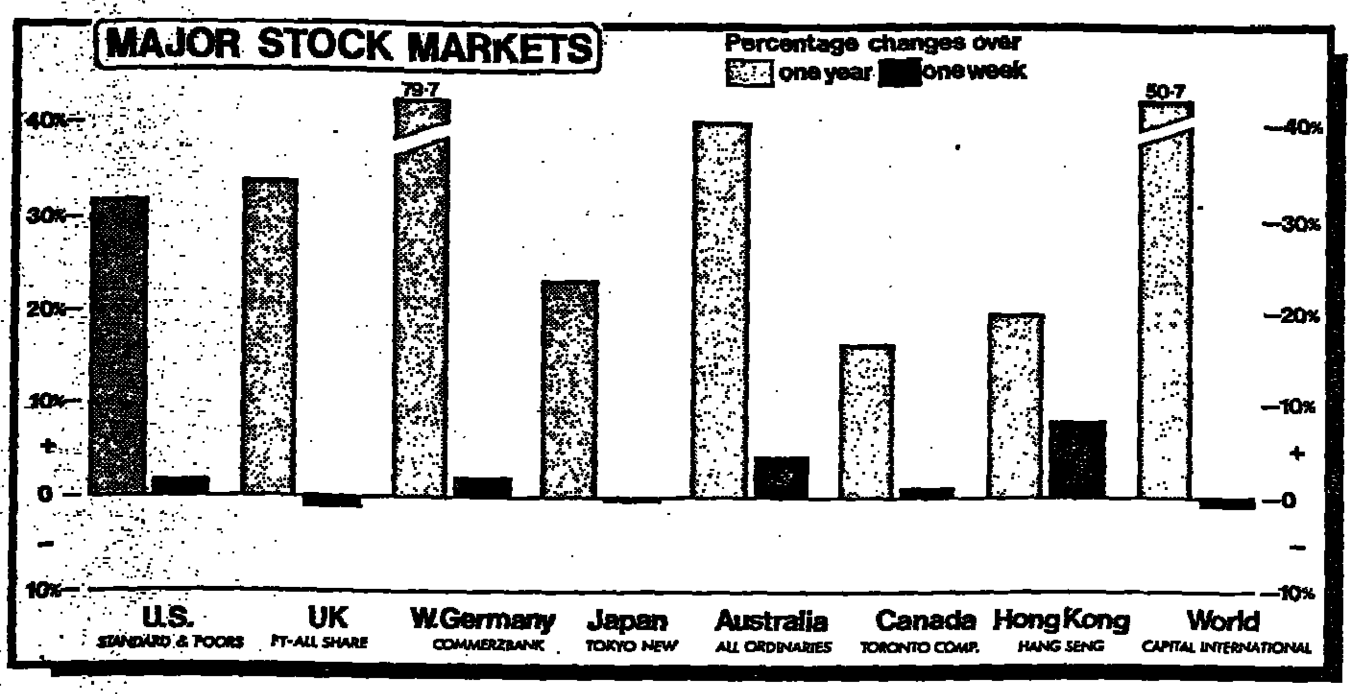
Several factors inside and outside Spain support the upward trend. The collapse of oil prices, coinciding with a drop in the dollar rate, was the sign of an upturn in the Spanish economy for which business had been waiting.

Spanish companies are in a better position to invest than they have been for years, having cut their large debt burdens when interest rates were very high. On the other hand, interest rates are no longer very high and this makes equities more attractive in comparison to treasury or bank paper. The trend is supported by expectations of new Spanish legislation on pension funds and of capital movements from the EEC.

Faced with a shortage of available paper, foreign investment in large blocks of shares has accentuated the dominance in the market of a handful of major stocks—the semi-state company Telefonica, the major banks, and the electrical utilities. These can make up as much as three-quarters of trading.

Plans are afoot for a French-style second-tier market for smaller companies, and the Bolsa authorities in Madrid are talking of starting trading in options and interest-rate futures. There are also proposals to introduce continuous trading to replace the current "corros" or rings—ten-minute sessions in designated parts of the floor. This, however, would require having jobbers or market-makers.

David White



Bulls rally to regain lost ground

HISTORICALLY, April is a month when the bulls tend to have things pretty much their own way in the New York equity market. This week, bearing out the tradition, there were enough of these optimistic creatures around to put together a sizeable mid-week rally, thus recovering a large proportion of the ground lost in the momentous stampede last week.

Even so, it has not been a totally convincing performance. Every now and again, investors seemed to be looking nervously over their shoulders, not quite sure they were moving with the herd.

The sudden, unexpected gyrations in the market, which have caused four swings of over 23 points in the Dow Jones Industrial Index over the past 10 trading sessions, can be explained in a number of ways. First, many investors have convinced themselves that a correction after the dizzy first-quarter rise in the stock market is now in order—and there are plenty of profit-takers around who are willing to oblige from time to time in knocking out some sale orders.

Second, equities are having to contend with a variety of events over which the corporate sector has little control, but which could have a deep impact on the performance of US companies. One is oil prices. Subject this week to further runic comments in Washington which suggested at one and the same time that the Administration wanted both a free market that could force oil prices down and a stable market that could hold them up.

Confusion in Washington about which direction for oil is best for the US economy is not shared on Wall Street, where the market has clearly made up its mind that the lower oil goes, the better—the Dow Index jumped by 34 points on Tuesday when oil prices slipped again. The problem is, however, that no one at present can discern a clear trend in the energy markets.

Another conundrum is the dollar and interest rates. Talks by finance ministers in Washington this week, as they moved into gear for a series of meetings leading up to the coming Tokyo summit, did little to create a clearer picture. Indeed, if anything, they indicated that the Europeans are loath to move further for the moment in stimulating their economies, making it harder for the US to cut interest rates again.

Wall Street

That said, much of the inspiration for the mid-week rise in the market came from the conviction that the Federal Reserve Board is heading for a reduction in the discount rate sooner rather than later. Short-term rates have fallen precipitously since last Friday. With three-month Treasury bills dropping from 6.33 per cent to around 6.00 per cent—helped by the fact that the Fed did not intervene to shore up the Federal funds rate and give a signal to halt the slide.

With long-term rates also continuing to fall—the long bond was down to around 7.30 per cent this week—yields on equities, standing in the 3.70 per cent region on the Dow Industrials, are continuing to look quite presentable. Indeed, several investment advisers argue that the bond rally has gone so far so fast—generating a total return of more than 60 per cent for investors in the past 12 months—that now is the time to switch to equities.

The big hurdle for stock prices over the next few weeks will be the first-quarter results. These have begun to roll this week, setting off in sparkling style with a 42 per cent increase in earnings at J. P. Morgan, the most admired of the New York banks, followed by some solid figures from a batch of other banking groups.

In a period of falling interest rates and good potential returns in the financial markets, however, no one was unduly surprised by the performance of the banks. The market is watching much more carefully to see what the industrial sector and consumer-oriented service companies manage to produce. Is the slide in the dollar, for example, beginning to make a positive impact on hard-pressed manufacturers? And are lower fuel prices beginning to feed through into more disposable income in a way that will boost retailers, fast food chains and the car producers?

The initial indications from heavy industry, in the shape of General Electric, were not particularly encouraging. Although GE produced a 5 per cent profits increase, it couched its statement to shareholders in extremely cautious language, warning that it saw no evidence in its own figures of more than a sluggish economic performance in the US this year. A 4.2 per cent gain in earnings at Westinghouse. The other large US electrical group, delivered more or less the same message.

The most excitement in the equity market came from the tobacco sector, where a Federal court ruled favourably for the cigarette companies in their legal battle over the health effects of smoking. The judgment reinforced the growing indications that the tobacco companies are winning the argument in the present round of litigation launched by the anti-smoking lobby — and tobacco stocks soared predictably. Philip Morris alone gained $9 to $124, and R. J. Reynolds rose by $3½ to $44½.

Languishing on price-earnings about six points below the average of 18 for the market, both companies could have a great deal further to go if investors convince themselves that the anti-smoking litigation is running out of steam.

Monday	1,735.51	− 3.71
Tuesday	1,769.76	+34.25
Wednesday	1,778.62	+ 8.86
Thursday	1,794.30	+15.68

Terry Dodsworth

RTZ's result proves better than expected

RIDING a roller-coaster can be a stimulating experience but even enthusiasts can have a bit too much of it. A similar thought might have occurred to folk at Rio Tinto-Zinc last year.

The international mining and industrial group had to live with sharp variations in exchange rates, but these provided a net benefit to earnings. The energy side of the business—oil, coal and uranium—did very well but metals earned less, with the important exception of iron ore, and lower profits were made by the UK industrial activities.

RTZ came out of 1985 with a rather better-than-expected net profit of £236m, equal to 76p per share, against £215.5m in the previous year. The dividend total is lifted to 22p net from 20p.

As far as this year is concerned, the fall in oil prices will reduce earnings from energy but could stimulate those from the industrial and metals sectors. Of course, there is no telling what international exchange rates are going to do; but the chances are that the pick-up in the industrial busi-

Mining

nesses, which has already started, will offset the likely fall in energy profits.

This could leave RTZ with a modest overall rise in profits for 1986 but nobody is looking for much change. Yet the share price, which has been boosted recently by vague take-over talk, is still around £7 compared with 517p when I recommended the shares in January.

At that time they were undervalued, which explains the company's vulnerability to take-over rumours. Now they appear to have reached a level which more closely reflects the merits of RTZ compared with similar companies. This re-rating might stimulate investment interest from across the Atlantic where investors tend to be chary of under-rated stocks.

A sad aspect of the latest results was the news that RTZ has set aside £35m to cover the possible closure of its loss-making Cornish tin mines, notably Wheal Jane near Truro and South Crofty near Redruth. The independent operation of Geevor Tin Mines at Pendeen has already suspended operations.

The writing on the wall for Cornwall's tin mines is simply that it costs them £7,000 upwards to produce a tonne of tin and the price of the metal has slumped to under £4,000 a tonne following the collapse of the price-supporting International Tin Agreement.

Big stocks of tin overhang the market and little in the way of new uses for the metal has been found to replace those, such as packaging beverages, which have been lost to other materials like aluminium. Meanwhile, the mines continue to hope for some form of government aid.

On a more cheerful note, South Africa's De Beers has announced an overall rise of 7½ per cent in the prices of rough gem quality diamonds that it sells to the diamond cutting and polishing trade.

This increase, the first for three years, reflects the continued recovery in demand—which is broadening into the more expensive stones—coupled with the fall in the value of the US dollar in which diamonds are priced. It also marks the success of De Beers selling policy which has flushed out the inflated stocks of diamonds held by the cutting and polishing trade.

The price increase will help the big Australian Argyle mine (which has now worked up to 80 per cent of capacity) and of course, will do no harm to De Beers, which has been seeing part of its diamond revenue whittled down by the rise in the value of the South African rand against the dollar.

The effects of that exchange rate movement were seen this week in the first batch of South African gold mining March quarter results. While the US gold price rose in the period to an average of about $343 an oz from $325 in the previous three months, the average price received by the mines in the Consolidated Gold Fields group fell to R25,029 per kilogramme from R27,170.

Mainly because of this, the combined net profits of the seven mines came back to R240.8m (£80m) from the December quarter record of R273.4m. They were still well above the R208.8m recorded for the September quarter of last year and the rise in working costs was well contained at 4 per cent.

Kenneth Marston

FINANCE & THE FAMILY

Building societies

Too many rates

SOMETIMES even the mighty Halifax Building Society has to admit defeat. Its 12-person research department, which tracks changes in the mortgage and savings market, now only publishes in its staff bulletins the investors' rates offered by the largest 16 of Britain's 150 building societies.

The hard fact is that even industry experts such as those at the Halifax are now unable to follow the entire, baffling range of different interest rates and degrees of liquidity offered by building society share and investment accounts.

Limitations on time and resources mean that they have to focus their attention on the biggest and best-known societies —while keeping watch for any especially striking new moves by smaller competitors.

Last month's post-Budget slide in interest rates underlined the still greater problems now faced by any private investor seeking the best buy. This week, about a dozen small societies had yet to announce changes in their mortgage and savers' rates, frustrating attempts to construct a league table of the most competitive accounts.

The scene will become yet more confusing if building societies have to follow this week's fall in bank base rates and make a further revision in their own interest rate structure.

True, many small societies with limited branch networks are still a source of conspicuously high returns to investors prepared to invest by post. Even after cutting its rates, the Bournemouth-based Wessex Building Society for instance will still be offering 8.62 per cent (net of basic rate tax) on balances of more than £1 in its instant access share account with effect from April 16.

That compares with 8.00 per cent on offer from a Lloyd's Bank High Interest Cheque Account—which carries a minimum investment limit of £2,000 —and with the 8.17 per cent return from National Savings investment accounts (which have a £5 investment minimum but require 30 days' notice of withdrawals).

But, as one leading building society executive said this week: "You could spend your life looking for an extra 0.1 per cent on interest — and still end up getting caught if you put your money in a society which looks competitive and then suddenly changes."

The sensible course is to put together a shopping basket of a few building societies ranging in size from the very biggest to the relatively small—and then to track just their investors' rates rather than attempting to monitor the whole market. That will give a picture of the spread of returns you should be demanding from accounts with comparable minimum investment limits and comparable withdrawal periods.

It will also provide the basic research needed if you want to spread your building society savings across a portfolio of different accounts so as to achieve the best combination of high interest and liquidity.

Our table shows only four societies, and it remains possible that elsewhere, especially from their smallest rivals, better rates can be obtained. Investors should for example watch for specialised accounts yielding higher interest for (say) children under 18—and higher rate taxpayers or retired people who pay no tax also have to keep an eye on the more favourable terms offered by tax-free National Savings products.

There are pitfalls to any attempt to follow building society rates more closely. The key trade publication is *Professionals' Building Society Choice*, published by Money Guides, a company based in Rattlesden, Suffolk. Its interest rate league tables show which societies are the most competitive—but carry lengthy footnotes showing the hidden drawbacks, such as restrictions on the number of withdrawals permitted in a year, which take the shine off many accounts.

Nick Bunker

INTEREST RATES ON INSTANT ACCESS ACCOUNTS

Building Society	Assets—1985	Balances under £500	£500-£5,000	£5,000+	£10,000+
Halifax	£20.5bn	6.0	7.75/8.00 over £2,000	8.25	8.5
Cheltenham and Gloucester	£2.6bn	6.0	8.0	8.4	8.65
Midshires	£800.1m	6.0/8.0 over £100	8.25	8.5	8.5
Derbyshire	£525m	6.1/8.0 over £50	8.0/8.25 over £2,500	8.25	8.25
Wessex	£136m	8.62	8.62	8.62	8.62

All interest rates quoted net of basic rate tax

Source for building assets figures: annual reports and Building Societies Year Book 1985

Talking heads

THREE HEADS are better than one is the maxim adopted by Crusader Insurance to mark its entry into the highly competitive unit-linked business. For its Capital Investment Bond to be launched shortly Crusader is calling in the Henderson group and its own parent the giant US insurance group Cigna Corporation to decide the investment policy of the 10 different funds on offer.

Cigna, which is America's third largest composite insurer, with over $44bn of funds under management, will form a joint investment committee with Hendersons. Crusader will be represented on the committee with a casting vote in the event of disagreement between the two main advisers and will be responsible for the Growth Property Fund included in the bond.

A fixed interest and cash fund will be managed solely by Cigna, but the remaining funds will be split up between Cigna and Henderson. Ironically Henderson unit trusts will be used for the North American Opportunity Fund (which one would have thought would have been Cigna's home patch). However, Crusader is part of the Cigna Worldwide group, based in Reigate, so it was decided that it should be more involved with the European and UK-based funds. Apart from seven specialist funds, there are three general managed funds, offering speculative high risk, medium risk or low risk, according to the investor's own choice.

The bond carries above average loyalty bonuses for those investors keeping their money in for a longer period. If you invest between £5,000 and £7,499 you get a 1 per cent additional unit allocation on the first and second anniversaries. If you have over £7,500, then 1 per cent bonus allocations are given for the first four anniversary dates and on every fourth anniversary date thereafter.

There will be the usual pre-launch bonus offers too. The Bond will officially be launched on August 1, but early applicants will be given a 1.5 per cent bonus allocation up to May 30, 1 per cent to June 27, and 0.5 per cent up to July 18.

In addition no charge will be made for the first two switches in any 12-month period between funds.

Minimum investment is a single premium of £1,000 or alternatively £5,000 through the share exchange scheme offered.

John Edwards

Business Expansion Scheme

Moment of truth is near

THE Business Expansion Scheme has had a rocky ride over the past month or so. The threat of extinction before the Budget . . . the *melée* of confusion afterwards. On Wednesday, all should be resolved when the Finance Bill spells out exactly how the Government intends to reform the scheme.

Before the Budget, a stream of issues for hotels, fine wines and antiques were rushed out, anticipating that the Chancellor would exclude such ventures from the scheme just as he had excluded farming and property development in previous years. Instead, the Budget imposed a general "asset ruling" excluding projects in which land and buildings absorb morethan half the company's net assets from the scheme.

On first sight, this excluded a wide range of property-backed issues. However, given that fact that so many of these schemes had used their land and buildings as security for loans, a closer look revealed that they would still qualify should the value of the borrowings be deducted from the value of the property.

those who interpreted the asset ruling in its strictest sense—and who assumed the Finance Bill would do so—and closed their issues, however highly geared; and those who anticipated clemency from the Bill and kept their issues open.

Investors now face the parallel problems that many sound issues have been prematurely, perhaps unnecessarily, withdrawn, while they have committed funds to others not knowing if these will still qualify as a Business Expansion Scheme and whether they will get tax relief.

Finotel, for example, which planned to raise £7m through the scheme to acquire a group of hotels, closed its issue at midnight on Budget Day. Since then the sponsor, Electra, has returned cheques to would-be Business Expansion Scheme investors, although the issue was continued as a standard investment outside the scheme and without tax incentives.

Electra has already received an additional £200,000 for the venture from non-scheme investors, *producing a total of £4.8m*. The issue has been extended until April 18 in an attempt to raise the maximum subscription.

By contrast, the Playhouse Theatre Company, which also fell foul of the asset ruling in the strictest sense, has continued.

Some 10 per cent of the investors did just that. The issue remained open, and by the end of the taxation year on Monday had raised £800,000. Chancery has now received an assurance from the Inspector of Taxes that the issue will fall within the scheme after the Finance Bill so it also has been extended until April 18.

The stream of post-Budget closures and failed issues unleashed a flow of frustrated Business Expansion Scheme investors onto the market in the weeks before the end of the taxation year, all searching for a swift way to get tax relief. One active scheme sponsor, Johnson Fry, secured £750,000 in BES investment in the three weeks between Budget Day and the end of the fiscal year.

In past years, scheme investment has been strictly cyclical, peaking in winter before the end of the taxation year, declining through spring and summer, and building up again from the autumn.

The BES is now such a well-established form of investment, as well as a tax wheeze, that the venture capital industry expects sustained demand throughout the year. Thus, Johnson Fry's first scheme for the 1986-87 taxation year will surface within two or three weeks.

Alice Rawsthorn

Consumer Group + 23.48 Insurance Brokers + 4.54

Life assurance

Floundering in a sea of risks

LIKE the Titanic, long-established traditonal life companies were regarded as unsinkable. So news of the financial problems of United Kingdom Provident Institution—the Salisbury-based mutual life company—came as a complete shock to the whole traditional life assurance market, particularly at the top of a bull market. What has happened and what can policyholders and employees of UK Provident do about the changing circumstances?

Basically, UK Provident had, over the past few years, adopted a high risk investment policy, with a large proportion of assets in unquoted securities, including US oil exploration companies—not a situation usually associated with traditonal life companies. The company had also been aggressively seeking new business, offering very competitive bonus rates—and using up its reserves in the process.

When the high risk investment turned sour—highlighting the downside effects of such a policy—the company, although not technically insolvent, was not in a position to meet bonus rates at their present levels and the Department of Trade and Industry stepped in.

With commendable speed the company looked at several resene plans. But the only one able to meet the department's requirements of immediate control of the situation was that put forward by the Dorking-based mutual life company Friends' Provident Life Office.

Effectively, Friends' Provident is taking over UK Provident immediately. However, being both mutual life companies, with no equity shareholders, technically Friends' Provident is merely taking over the management of UK Provident.

For existing UK Provident policyholders, interim bonus rates are being cut by about 10 per cent. The next bonus declaration has been put back from end-1986 to end 1987 when it will relate to a two-year period while Friends' Provident sort out the UK Provident investment portfolio.

These arrangements need the approval of the with-profit policyholders of both companies together with that of the courts. It is well over 50 years since a mutual life company was merged with another and executives are having to look up the necessary procedures.

So what can the various people involved do about the situation?

UK PROVIDENT POLICYHOLDERS

The main point to emphasise is that all bonuses declared to date, including that declared for end-1985, are guaranteed and cannot be reduced. The cuts only apply to future bonuses.

Second, policyholders are not actually going to lose money. *They are not, however, going to* get as high a return as they expected. This affair has highlighted the fact that even traditional with-profit contracts carry an investment risk.

If you decide to get out, then you could well pay a substantial penalty *unless the contract* has not been in force for more than a few years. Friends' Provident has warned that if there is a run of surrenders by policyholders it will react quickly by reducing surrender values.

Policyholders with traditional life and endowment contracts should be aware that future gains in another contract may not offset surrender losses, especially if the existing contract qualifies for Life Assurance Premium Relief.

Policyholders who took out contracts just before the problems blew up are being offered a 30-day cooling-off period by Friends Provident during which they can get their money back. They are being offered alternative Friends' Provident contracts.

The second problem facing policyholders is whether to accept the takeover at the meeting. They have been promised a full statement of the position. They should make sure that all details are revealed as to how the company got into trouble and the role played by the various officials, particularly that of the appointed actuary, during the period concerned.

Unfortunately, policyholders have very little alternative but to accept. They are faced with a *fait accompli*. Once the problems became known, there was no question of the company being able to continue on its own.

Mr Fred Cotton, chief executive of Friends' Provident, estimates that it would have needed £250m to keep UK Provident as a going concern maintaining bonus levels. It appears that no one was able or willing to put up that sort of money within the short time scale, though policyholders should quiz the management on alternative plans that were considered.

Finally, policyholders recently put into UK Provident contracts by their advisers should question them as to why this was done. The signs that the company was operating a high-risk investment strategy and running down reserves were there for all to see in the 1984 accounts.

UK PROVIDENT STAFF

These, rather than the policyholders, are the people immediately affected by the problems. Redundancies appear inevitable for some while for others promotion prspects are curtailed. The younger good inspector is likely to be welcomed with open arms into the Friends' Provident expanding marketing organisation. The branch clerical staff may well be surplus to requirements. Unless they are policyholders, staff have no way of recording their feelings.

One can only say that insurance *companies have a record* for generosity towards employees in takeover situations.

FRIENDS' PROVIDENT POLICYHOLDERS

One policyholder at least is reported to have asked what is in the rescue operation for them and why they should foot the bill for bailing out another life company.

Mr Cotton has told his policyholders that they will not lose out by the takeover. At the policyholders' meeting he needs to back up this assertion with some facts and figures.

Eric Short

Personal Equity Plans

The little man's fiver

COMPUTERISED share dealing for small investors could be in operation within 18 months if the Stock Exchange succeeds with plans outlined this week. The system promises a dramatic drop in the costs of transacting small bargains.

Although many stockbrokers reacted cautiously, arguing that they wanted to wait to see the small print of the proposals, the exchange's chairman, Sir Nicholas Goodison, has promoted the scheme enthusiastically as a way of breathing life into Nigel Lawson's Personal Equity Plans, which many brokers fear could prove uneconomic in present circumstances.

The so-called Small Order Automatic Execution Facility (SAEF) should be in action in the autumn of 1987, and is the Stock Exchange's next priority after the upheavals of Big Bang in October this year, when fixed commission scales will be scrapped and dealing procedures radically changed. "SAEF will have far-reaching implications for the REP in particular, and wider share ownership in general," Sir Nicholas told Chancellor Lawson, in a letter this week.

The projection is that SAEF will do for under £5 what it costs brokers something like £25 to £30 to achieve by traditional methods. But exactly how this might affect the commissions actually paid by investors is not so easy to work out at this stage.

At present, a broker implementing an order will normally be expected to contact his dealer on the Stock Exchange floor and get him to check the prices quoted by several different market-makers, or jobbers. Once the bargain has been agreed, settlement procedures have to be implemented. After Big Bang the process will probably take place through screens and on the telephone, but will not be substantially simpler.

With SAEF, however, the broker has only to enter the order into his terminal. The computer will then check the prices offered by all the competing market-makers in the particular stock. It will choose the best prices and, if several market-makers are showing the same price, it will allocate successive orders by rotation. Each bargain is then electronically directed to settlement.

This process can work reliably only for small orders and with stocks which are traded actively. Big trades in small stocks tend to move the prices about, and automatic systems cannot work. But for the small investor trading £500 worth of ICI, an auto-execution facility is good sense. Such schemes are already operating in the US, where the over-the-counter market NASDAQ, for instance, has a facility called SOES (Small Order Execution System).

To begin with, the Stock Exchange will confine the scope of SAEF to the top 500 or so equities trade in London, which are to be categorised as Alpha and Beta securities. Trades of up to 1,000 shares will be handled (such orders account for around 40 per cent of all the bargains now processed).

So, the orders of this size in leading shares, an investor should need only to ring his bzroker between 9.30 and 3.30 to have his order executed cheaply and almost instantly.

Later on, SAEF *could* be extended in various way so as to cover smaller Gamma stocks, to handle trades of up to 5,000 shares, and to give service outside the main market hours.

The aim is that SAEF execution, plus settlement through *the Talisman system*, would cost no more than £5, but this is not the same as saying that a broker's commission could come down to this level. Other administrative costs have to be incurred by the broker, quite apart from the expense of any time he has to spend giving advice or sorting out problems or complaints.

At present, minimum commissions are often in the £15 to £18 range, on top of which the investor has to pay VAT and stamp duty. The clearing banks are apt to slap on a £5 surcharge. Increasingly, however, brokers are offering "no frills" dealing services which already carry lower minimum charges (and after deregulation next October should also offer lower percentage commission, too).

Barry Riley

Cautious attitudes

GOVERNMENT SURVEYS suggest strongly that if the banks respond to the Chancellor's Personal Equity Plan initiative by setting up share shops in branches, this could have more effect in widening share ownership than the tax incentives themselves.

A series of 11 surveys commissioned by the Government into consumers' attitudes to shares were undertaken to help plan the British Telecom and TSB share launches. The surveys, mainly with samples of about 2,000 people, were done between April 1984 and September 1985 by MORI and Dewe Rogerson.

The surveys show that non-shareholders are not, in the main, very concerned about small differences in the return from their savings. Their attitudes to buying shares are more affected by feeling that they need to know how to buy them and wanting to be able to buy in familiar places. Bank share shops would help to meet both these needs.

Some of the key findings in the surveys were:

● Most people who are serious *about buying shares are put off* by the idea of going through stockbrokers. Three-quarters of *the people who said they* intended to invest in BT shares also said they would be unlikely to buy if the shares were sold through brokers.

● The most popular ways to buy shares are over the counter at post offices and building *societies (40 per cent each)*, followed by over the counter at banks and BT showrooms and by post when paying the telephone bill. Not all these methods would be possible for general share transactions, but the answers do show that *people strongly prefer* ordinary, familiar outlets for their personal financial dealings.

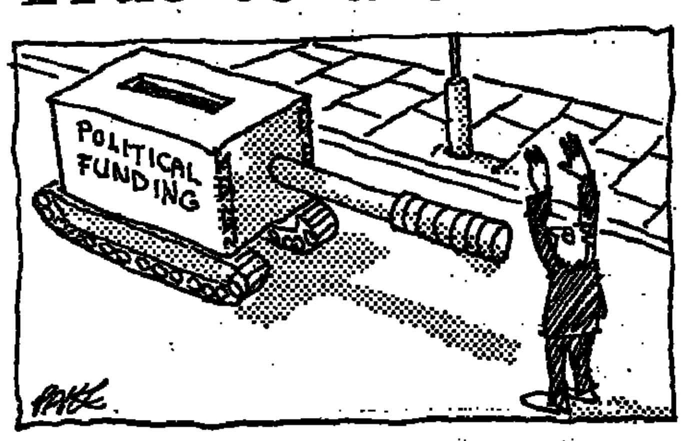
● Banks are easily the most favoured place for non-shareholders to seek advice about financial matters (56 per cent, with building society managers next most popular at 24 per cent), and the place where the majority say they get most of their information about savings and investments.

● The "know-how" barriers are an impediment to potential investors. Samples: "I would not know how to go about it/would need professional advice" (44 per cent); "I prefer to invest money in a building society and bank deposits because I know more about them" (46 per cent); "it's too difficult to buy and sell shares" (13 per cent).

Maureen Guirdham

Political contributions

True to the code



POLITICAL FUNDING is small beer in Britain. The three main political parties spent less on their campaigns in the last general election than did a single, unsuccessful candidate for the governorship of the state of Texas.

None the less, publicly quoted companies make substantial contributions to political parties in this country, generally to the Conservatives, more than a half of whose funds come from corporate donations.

Last summer, the Constitutional Reform Centre produced a code of practice for companies to consult their shareholders on the issue. Last month the Rank Organisation became the first publicly quoted company to put the code into practice.

Rank's political motion, tabled at its annual general meeting, was greeted with apathy. As the Financial Times reported, Rank shareholders expended effort and energy on discussing the gongman's 50th birthday and the number of computers cluttering up James Bond film sets, but the political motion passed without comment.

The Rank motion was treated as a precedent, however, and a series of other companies are now considering whether or not to follow suit. Marks and Spencer, for example, which contributed £50,000 to British United Industrialists (alias the Conservative Party) in 1984, is "actively considering" whether to table a similar motion at its AGM in July.

Despite a stream of Private Members Bills, tabled by Labour and Alliance MPs—the Labour MP, David Winnick, will produce another ten minute rule Bill on the issue later this month — there is no legal obligation for companies to ask shareholders to endorse their political contributions.

Under company law each company's accounts must disclose details of political donations. And shareholders can, of course, table questions on the issue at the annual meeting.

The Constitutional Reform Centre's report simply offers guidelines. It recommends that a statutory limit be placed on the value of donations; that companies explain to shareholders why such contributions are in their best interests; and that shareholders' approval for donations be sought.

Although the Rank motion was inspired by the report and accepted the principle of seeking shareholders' consent, it did not adopt the recommended form.

Rank asked its shareholders to agree, in principle, to the Board's right to make political donations. It neither stipulated which party it intended to donate to—in the past it has given support to both the Tories and the Liberals—nor how much it intended to give.

"We haven't made any political contributions in the past two or three years, nor do we have specific plans to give in the immediate future," said Brian Owers, Rank's company secretary.

"But we thought it right that shareholders should be given an opportunity to air their views on the subject and that by using the mechanism of a resolution at the AGM they should have the chance to ask questions in a public arena."

Many companies consider the issue of political contributions to be an extremely sensitive subject and the mass apathy on the part of Rank's shareholders was greeted with audible sighs of relief.

Some companies would face the problem of asking shareholders to endorse contributions to more than one political party. General Accident, for example, gave £25,000 to the Conservatives and £2,500 to the Alliance—which has marketed itself to industry as the acceptable alternative to the Labour Party—in 1984, while Sun Life donated £10,000 and £5,000 respectively.

Similarly, drawing attention to political donations poses particular problems for companies with extensive interests in the US. In the wake of Watergate, US companies were forbidden to make contributions to political parties. The position of companies contributing to parties in this country, but with heavy investments or headquarters in the US, or even with a quotation on the New York stock exchange, is still ambiguous.

In a sense company contributions sidestep the real issues behind political funding. The value of corporate donations—just under £4m in 1984, £2.7m of which went to the Conservative Party or associated causes according to the Trade Unions Co-ordinating Committee—pales into insignificance beside the personal contributions made by industrialists which, naturally, are not subject to shareholders' scrutiny.

Robert Maxwell, for example, has donated substantial sums to the Labour Party, yet neither the British Printing and Communication Corporation nor Pergamon Press contributes as companies. Similarly both Sir John Harvey-Jones and David Sainsbury are active supporters of the SDP, yet neither ICI nor J. Sainsbury contributes.

Both the Labour Party and the Alliance are committed to compelling companies to secure shareholders' consent for political donations should they return to power. But its newfound enthusiasm for "shareholders democracy" has not stopped the Alliance from embarking on another round of fundraising from industry.

Alice Rawsthorn

Works of art

Taxing problems

WORKS OF art have presented a problem to the taxman ever since estate duty, the first serious attempt to tax people on their death, was introduced in 1894. They are different from other forms of wealth being passed onto beneficiaries.

A forced sale might mean that they are lost to the nation and it is manifestly unfair that a beneficiary should have to pay just to look at an ancestor's collection of antiques or other items of national, scientific, historic or artistic interest.

The compromise has been that works of art are exempt from estate duties so long as they are retained by the beneficiary to whom they have ben bequeathed. If they are offered for sale that is a different matter. That is when any tax liability should arise.

However, life became considerably more complicated after the 1976 Finance Act. It aded an additional restriction that put many owners of works of art into a quandry. The 1976 Act laid down that to qualify for exemption from capital transfer tax, the art works must be available for the public to see—not much of a problem for the owners of Picassos or Gainsboroughs living in stately homes. But for owners in more modest circumstances and with less well-known works of art it can present practical difficulties.

One solution is a long-term loan to a museum or gallery but that may not be too easy. Most galleries have difficulties in showing what they already own, let alone finding space for eager lenders. So unless you have something of outstanding quality and appeal you are unlikely to have it accepted.

Once it is accepted, curiously enough, it qualifies even if the loan goes straight into the cellar and not on to the wall. Or so I was assured by a hard-pressed curator who was anxious to borrow a picture which I was equally anxious to lend him.

What happens if you are unable to find an obliging curator, with or without a cellar? An alternative solution has two legs to it.

The first is to keep your treasure at home and run an appointments system. This is not the complete charter for burglars and con-men that it might appear to be at first sight. The register which is kept at the Victoria and Albert Museum discloses only the geographical area without details of the precise location.

It also mentions the name and address of the person through whom appointments have to be made.

The second leg involves agreeing to short loans for special exhibitions. It could be a bit of a nuisance to have your Matisse being continually sought for "Important works of the Twentieth Century" at the Tate. You are likely to have a quieter life with great-aunt Rhiannon's pictures, unless the Glyn Vivian in Swansea is doing "Nineteenth Century water colours of the Wye Valley."

Still they might change their minds. And even if nobody ever wants to exhibit them, you still have your exemption. You have given your undertaking. If the public fail to take advantage of it that is not your fault.

Norman Smart

Unit trusts

Cause to celebrate

BROWN SHIPLEY, the London merchant bank and fund management group, is celebrating its formal takeover this month of the Heseltine Moss stockbroking group with the launch of a Managed Portfolio Fund to replace its existing Brown Shipley Fund.

The company hopes that its link with Heseltine Moss, which has nine regional offices in "silicon valley" (close to the M4 motorway running from London to South Wales) will expand its base of private clients and help continue its recent rapid growth in the unit trust sector. During the 18 months since Mr Paul Talbot brought a team of unit trust specialists from Wardley, part of the Hongkong and Shanghai banking group, the fund management part of Brown Shipley has moved strongly ahead in unit trusts. Turnover has jumped from just over £23m to £55m.

Star performer has been the Brown Shipley German Fund introduced last October which has attracted investment of over £14m in a short time. It was the first new venture by the Wardley team at Brown Shipley and the timing proved just right with the German stock markets booming. The other nine funds inherited by the team have put up a mixed performance. The North American Fund has moved up strongly, but the Technology Fund has had a rough time.

Paul Talbot

Another modest performer was the Brown Shipley Fund, itself now being replaced by the Managed Portfolio. With its mixture of equities and fixed interest stocks the emphasis has been on caution rather than excitement. The new Managed Portfolio Fund is aimed at bringing private client expertise to the ordinary unit trust investor. According to Mr Talbot the company looked at the "fund of funds" idea (where a master fund invests in a range of unit trusts) used by some groups to try to widen the appeal of unit trusts to investors, particularly in building societies, apprehensive about dealing in equities. However, they decided against it. The Managed Portfolio will invest in the group's other unit trusts but only to a maximum of 10 per cent of the total fund. The remainder, and bulk, of the Fund will be invested in gilts and other fixed interest vehicles.

As with the other Brown Shipley funds, investors will also be able to buy units from the company's regular savings plan.

John Edwards

What a performance

PERFORMANCE fees are a key feature of the first fund to be offered in the UK by the Templeton organisation, whose parent company was successfully listed on the London stock exchange last month.

Annual management fees of the Templeton International Exempt Trust will be linked to performance in relation to the Morgan Stanley capital international world index. The standard management charge for the fund will be 0.75 per cent, but should the managers outperform the index over a specified period by 10 per cent or more the fee will be increased to one per cent. Should they underperform by 10 per cent or more the fee will be cut to 0.5 per cent.

Templeton says the initial portfolio is likely to be concentrated in the US and Canada. However, Mr Richard Carss, managing director of Templeton Investment Management in London, said it would be following the philosophy of investing in undervalued companies on a world-wide basis. Although the trust is allowed to invest in a variety of assets, he believed equities would out-perform over longer periods.

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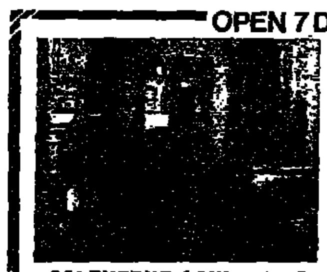

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Joint Agents Stuart Wilson & Co. £120,000

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PROPERTY

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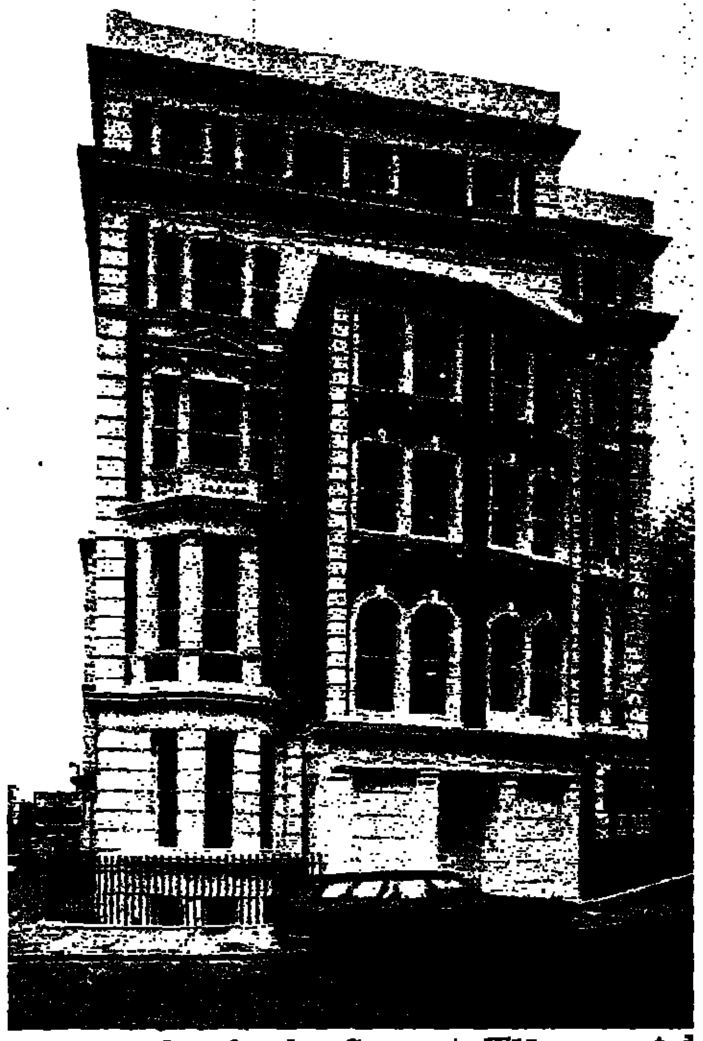

Stanley Lodge, Stanley Crescent, W11, converted into flats. Details Marsh & Parsons (01-727 9811).

Period house in Chester Row, SW1, £710,000 freehold through Chesterfield & Co. (01-581 5234), and Hampton & Sons (01-493 8222).

Flat in Coleherne Court, Little Boltons, London, SW10, in excess of £200,000 for a 52-year lease through Chesterfield & Co (01-581 5234).

FOREIGN interest in prime London residential property continues to grow, whether for letting or living in. As the major buying season gets under way, demand is increasing from those whose purchasing power is not constrained by limited incomes.

Up to 100 serious would-be buyers, expatriates and Arabs, are expected by Callander Wright, Cadogan Street, SW3, after a recent exhibition in Bahrain.

"London property is a particularly attractive investment for those from countries with dollar-linked currencies such as Bahrain," says partner Adrian Wright. Plans for further promotions in Abu Dhabi and Dubai are already made.

Some agents believe the Scandinavians are behind the latest invasion into the London house and flat market.

Chesterfield and Co, Walton Street, SW3, reports that it has achieved £7m-worth of business already with the Swedes and Norwegians over the past few months.

This includes the sale of 40 Brompton Square, SW3, a period house meticulously restored by a Swedish development company, Classic Property, making its first venture into the London market. It went for about £875,000 to an English buyer as an investment.

As part of a growing British property portfolio, a Norwegian property company, Bugge Eindoms, based in Oslo, has bought 120 tenanted houses in Henshaw Street and Sansome Street, South London. It sees this purchase as a satisfactory long-term investment in an area where prices are expected to rise well ahead of the market in the next three to five years.

Chesterfield partners Owen Inskip and David Forbes attribute the Scandinavians' current interest in London property to the fact that London is still regarded as a safe and stimulating place to live, work, and invest.

"The great advantage in doing business with them is that they put their full trust in their advisors. This means that we can search out the best deals for them, once we know what the brief is."

The partners add that "However high we think our taxes are, they are relatively slight compared to the punitive ones in the Scandinavian countries."

In Norway, Sweden and Denmark, rates of income tax can go up to between 73 per cent and 80 per cent, Value Added Tax varies between 20 and 23 per cent, and all have a wealth tax of either two or 3 per cent. Currency restrictions vary from country to country.

The property portfolio that Chesterfield is taking next month on a selling tour of Stockholm, Oslo and Copenhagen, concentrates on Mayfair, Knightsbridge, Chelsea and Kensington, with one or two "specials" in Wandsworth and Clapham.

Examples are a three-bedroom, three-bathroom flat in Connaught House, Berkeley Square, at £295,000 for a 28-year lease, which lets at £2,000-plus a week, and a seven-bedroom, three-bathroom Victorian house in St Alban's Grove, W8, at £675,000 freehold. Perfect for pied-a-terre is a garden flat in Moore Park Road on the Chelsea/Fulham borders, at £120,000 for a 96-year lease.

A sauna is the attraction in a flat in Hornton Street, W8, £290,000 for a 93-year lease; and in an 1860-built house in Trinity Crescent, SW17, for £425,000 freehold, a shower-cubicle with special ice-cold water is a novel extra. Or there is a heated swimming pool in the garden of a £250,000 freehold terraced Victorian house in Gauden Road, SW4.

A major selling point of most of these properties is their immaculate presentation, an example to anyone selling property. There is nothing down-at-heel about the decor. Walls are often rag-rolled, ceilings tented, lighting by spot or downlighter; there is usually a lot of marble and brass around, and kitchens are extremely well-fitted.

Only a £225,000 mews cottage in Billing Street, Chelsea, has been left to builders' finish so that a buyer can put his own handwriting on it.

"The Scandinavians expect high standards of workmanship and design, and provide them when they develop or refurbish," says Richard Woolf, director of Anscombe and Ringland, based at their St John's Wood office.

He too confirms the Scandinavian arrival on the London property scene, taking over, as far as his company is concerned, from the Americans, Saudis, Nigerians and even Hong Kong buyers. Woolf is off on a sales promotion trip in June to Gothenburg, Sweden's second city and largest port. Recent sales include a flat in one of the major blocks in Prince Albert Road by Regent's Park. A Swedish investor is doing it up for sale.

Also in demand, by well-heeled Swedish businessmen who need to entertain on a grand scale are the large family houses in St John's Wood. These are usually in the £450,000 bracket and often still need money spending on them to bring them up to scratch.

Calculated to appeal is the modernistic new development, St Regis Heights, by Hampstead Heath, where flats, penthouses and duplexes are just going on the market from £350,000.

Well presented Scandinavian-orientated developments currently on offer include the Danish company Dancon's newly built Eden Close, along Adam & Eve Mews off Kensington High Street. Chestertons (01-937 7244) has already sold more than half of the four-bedroom houses at prices from £290,000, and 70 per cent of the maisonettes from £165,000.

Stanley Lodge, two mid-19th century houses in Stanley Crescent, W11, was originally designed by artist-architect Thomas Allom, and named for the prime minster of the time, Lord Stanley. The houses have just been converted to seven flats by Radmark Properties. The managing director is Stockholm-born Peter Degermark, who came to Britain in 1978.

Marketed by Marsh and Parsons (01-727 9811), five flats are sold. Still available is a balcony-apartment at £285,000, and the penthouse at £325,000 which includes a little laundry-storage room.

June Field

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Number 6
Marble entrance hall, dining room, Poggenpohl fitted kitchen, grand first floor entertaining area of drawing room intercommunicating with study. Principal bedroom with ensuite luxury marble bathroom, fully fitted dressing room, 3 more family bedrooms, 2 further bathrooms, self contained guest accommodation with bedroom 5, ensuite bathroom, living room/bedroom 6, kitchen.

Number 7
An indoor heated swimming pool, marble entrance hall, library, dining room, Poggenpohl fitted kitchen, stunning first floor drawing room and study (overall size 30'x 28'), principal bedroom with luxury marble bathroom, dressing room, 2 more family bedroom suites with bathroom, bedrooms 4 and 5, bathroom 4, guest suite of bedroom 6 with ensuite bathroom, living room/bedroom 7, kitchen.

The properties, which are beautifully presented and fully fitted with luxury carpets and curtains, are held on 98 year Crown Estate leases.

Number 6: £1,200,000 **Number 7: £1,600,000**

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FINANCE & THE FAMILY

J. ROTHSCHILD HOLDINGS

35,000 bought 12/79 ...	£22,522
35,000 sold 1/86 ...	£35,717
Gross gain ...	£13,195
Deduct indexation: Value 31/3/82 £29,750	
Inflation at 21.2% ...	£6,307
Taxable gain ...	£6,888

As indicated, inflation relief can now create or enhance losses.

GEC

1,644 bought 4/81 ...	£11,016
8,220 5:1 sub-division 11/82	
8,220 sold 1/86 ...	£13,660
Gross gain ...	£2,642
Deduct indexation: Value 31/3/82 £13,564	
Inflation at 21.2% ...	£2,876
Allowable loss ...	£234

Capital Gains Tax

Bonus for new investors

CAPITAL gains tax received hardly a mention in this year's Budget statement. No doubt the Chancellor considered further adjustment superfluous, for the fact is that the impact of this once Draconian tax has been greatly curtailed in recent years.

Even so, it was not until 1982 that the Treasury at last heeded increasingly urgent demands that the rules should take account of inflation, prices at that point having risen by no less than 382 per cent from the time of the tax's inception on April 6, 1965. While the small investor had sheltered behind the annual exemption introduced in 1977 at £1,000, and subsequently increased steadily to its present £6,300, capital gains tax had become a capital levy in all but name for those with larger portfolios.

Consequently, the 1982 Finance Act's official acknowledgement of past injustices, whilst 16 years late was nevertheless very welcome. Unfortunately — and perhaps inevitably — it was deemed impracticable to grant the relief retrospectively and, furthermore, it was subject to important restrictions. Thus, no relief was available until an investment had been held for more than one year, and it could not be used to increase losses or turn gains into losses.

Worst of all (complexity apart) was the fact that it operated by applying a post-1982 inflation adjustment to the asset's historic cost (or, for acquisitions before April 6 1965, the value at that date should it be greater)—a figure perhaps entirely unrepresentative of the asset's value in April 1982.

Happily, all of these restrictions were eliminated by last year's Finance Act with highly beneficial results. The examples shown here tell the story.

	Without indexation	With indexation
J. ROTHSCHILD GAIN ...	£13,195	£6,888
GEC GAIN/(LOSS) ...	£2,642	(£234)
	£15,837	£6,654
Less: Annual exemption ...	£5,900	£5,900
Taxable gain ...	£9,937	£754
Tax at 30% ...	£2,981	£226

Of course, the near quadrupling of prices between April 1965 and April 1982 will still make it difficult to realise shares held for long periods without provoking large tax liabilities, but such portfolios will undoubtedly become more flexible than previously.

By contrast, for new investors capital gains tax could almost be a thing of the past. For example, it is now arithmetically possible for an investment of £100,000 to generate yearly gains of 6.3 per cent over and above inflation without CGT ever being attracted.

Not only equity investment has benefited from the changes. Gains on British government securities, which have long enjoyed exemption from tax unless sold within one year of purchase, are now released from liability altogether, as are certain quoted corporate bands denominated in sterling and issued (or acquired) after March 13, 1984. Naturally enough, losses on such securities no longer attract any relief.

In sharp contrast, investors in offshore funds which fail to achieve "distributing status" will find that they do not benefit from the general process of liberalisation. They have, in fact, been singled out for particularly severe treatment.

Distributing status is a creation of the Finance Act, 1984. To qualify, companies must comply with detailed rules, the principle requirement being distribution of not less than 85 per cent of their accruing income every year. Any UK resident realising a gain from a non-qualifying fund will suffer tax on the amount concerned as if it were income.

Since such gains do not attract the benefit of indexation relief or the annual CGT exemption, the results can be very unpleasant, particularly for anyone whose income is such that they are liable to higher rates of income tax.

Donald Elkin

BRIEFCASE

Tax on covenants

In December 1984 I made a small covenant in favour of the infant son of my wife's neice. The mother is married to an American employed by the State Department. She has a house in England, and at the date of the covenant was a British citizen; however, she has since taken US citizenship in order to share her husband's diplomatic immunity.

The covenant appoints the parents as trustees for the infant, but because they are only able to come to the UK when the husband has leave they have completed a form R232 appointing me as their agent for reclamation of tax. The deed of covenant together with forms R232 and R185 (for reclamation of tax on the first payment) was submitted to my tax inspector early in 1985, and in due course and after some inquiries I received a letter from him dated July 22, of which I enclose a copy. Since then in spite of various reminders, including another form R185 in respect of the second payment under covenant, and twice calling at the inspector's office in person, I have heard nothing, and as far as I can see there is nothing to prevent the inspector stalling for ever!

Is tax reclaimable on this covenant in view of the parents being American citizens? If so, what pressure can I bring to bear on the inspector to pay up? Would it be worth asking my MP to refer the matter to the Ombudsman?

It is a pity that the Ipswich tax inspector did not take the trouble to read one of his stock of copies of booklet IR20 (Residents and nonresidents: liability to tax in the UK). Ask him to send you one, but make sure it is the latest (1983) edition, as we sometimes find that our readers are sent obsolete editions of booklets we have recommended.

If, as we deduce, your wife's great nephew is entitled to Commonwealth citizenship and is not resident in the UK, then the claim should have been submitted to the Foreign Claims Branch (in Bootle), not to your own tax inspector, as you will see from the IR20. A complaint to the Ombudsman would be premature, as you may be considered to have slightly contributed to the confusion which led to the delay. Did you not seek guidance on procedure from the solicitor who drew up the deed for you?—or from your accountant?

Limitation period

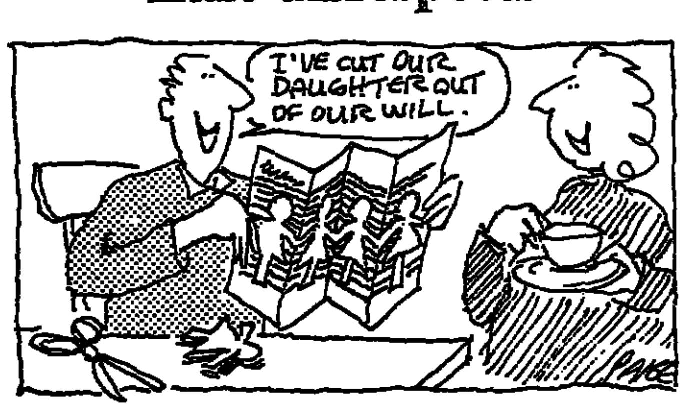
I am sole executor of the estate of a relation who died in 1979, an architect, in single-handed private practice. There is thus no continuing business, work in hand having been completed by an associated, but separate practice. The administration of the estate was completed and the assets distributed some years ago. My problem is that I understand there is no time limit for bringing possible charges of professional negligence against the estate. No such claims have in fact been made, nor do I know of any circumstance likely to give rise to any. But so far, and latterly at my own expense (about £200 a year), I have kept up my relation's professional indemnity insurance—if only to provide some cover against legal costs should a claim arise. Do I need to go on doing this for ever? And if a claim should be brought, how would I stand as the executor who had distributed all the assets of the estate?

The policy is shortly coming up for renewal, though the brokers tell me that the existing insurers are withdrawing from this class of business so that they will have to approach alternative insurers and that it is "most unusual for a new insurer to underwrite a risk which is in respect of past liabilities only when they have not previously participated in the insurance arrangements" and that they may not be able to obtain terms. That would at least settle the matter! But do I need to worry, or can I forget all about it as I would like?

As the law stands at present it has been decided in the House of Lords that the limitation period (six years) runs from the date when any damages come into existence. Thus where a building has been constructed using your sister's plans, a reasonable time should be allowed for any consequent defect to occur (even where it is not then discoverable) and the six-year period runs from that date. Thus the limitation period is likely to have run by now, although there could be some possibility of one more year's insurance being required to allow for any delay in the occurrence of damage. Any amendment to the law is likely to favour the claimant rather than the architect, but presumably would not be made so as to revive a limitation period which has passed. In any event a claim against the estate cannot be made effective after distribution of the estate if there was no earlier warning to the executor of the particular claim in question.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Last disrespects



We have a daughter who has not treated her mother and I with the respect we deserve. We have sacrificed more than most parents, especially her mother.

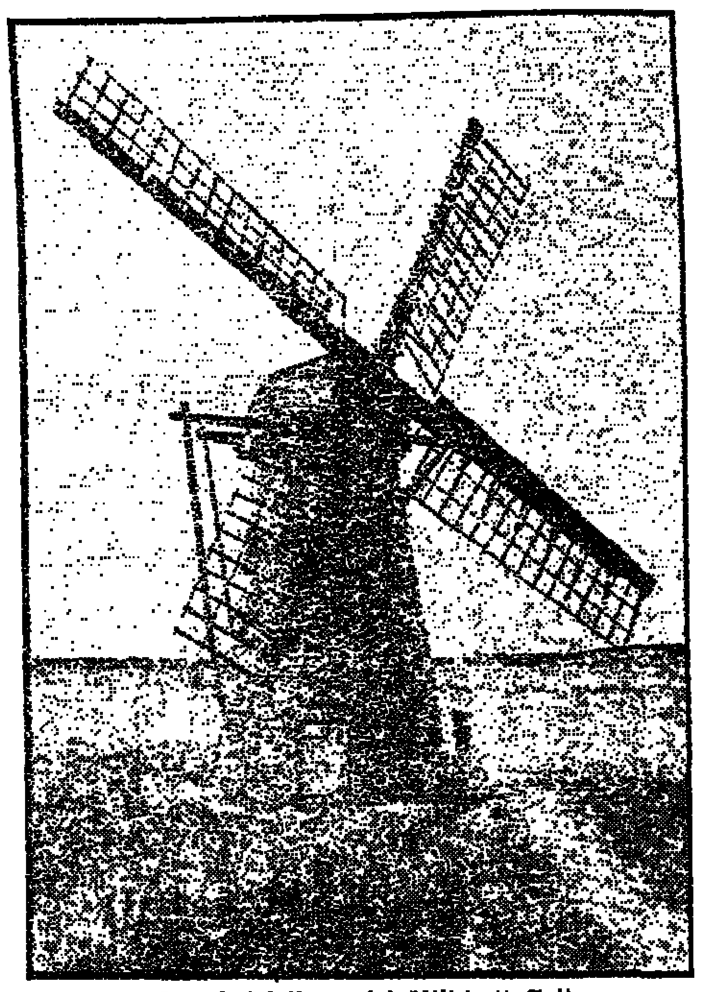
My daughter has been married for a number of years, but her conduct has not altered. We have no wish to leave her any part of our estate.

Has she any legal claim, if she is not mentioned in the will as a beneficiary?

While technically your daughter has the status to make a claim under the Inheritance (Provision for Family and Dependants) Act 1975, a claim would be bound to fail in the circumstances which you describe. You should however ensure that a properly witnessed will is executed by each of you making clear provisions for the disposal of your property, if you wish to leave it otherwise than to your daughter.

TRAVEL • MOTORING

Suffolk's blessed desolation


Lonely Walberswick Mill in Suffolk

THE North Sea coast of Suffolk from Orford to Walberswick and Southwold is a long, shingly seaboard: cold, remote and wind-lashed. Such coast roads as existed have mostly long since been washed away, leaving a blessed desolation free of bungalows and caravan sites. There is nothing here to tempt the day tripper in search of a noisy, extrovert time, but the huge skies filled with shimmering light enthral painters and photographers.

Here is a coast of shingle beach and saltmarshes that lure migrant geese in winter, and swallows, swifts and sand martens in summer. Bird-watchers twitch busily among the sedges, the occasional one lucky enough to glimpse the shy avocet.

With no road connecting the coastal villages, motorists and cyclists are drawn down successive narrow turnings off the A12, leading to ruined chapels nestling under yellow-spangled gorse, past painted clapboard cottages bordering quiet village greens.

The great churches that flourished in the prosperous era of the East Anglian wool towns tower like beached ocean liners among the reeds and dunes. Blythburgh's wooden angels suspended in the roof watched Cromwell's cavalry break up the floor below. The church is improbably glorious above the lonely marsh and mud-flats where herons wait and shelduck dabble.

The coast is at its busiest when music lovers flock to Aldeburgh and Snape Maltings. The 39th Aldeburgh Festival takes place this year from June 6 to 22. Sir Georg Solti, Dame Janet Baker, the Amadeus Quartet and Murray Perahia are this season's big names, but there are also choirs from Yorkshire, trios, films and French piano music programmed.

In the summer and autumn unique master classes that are open to the public will be given by Elisabeth Schwarzkopf, Galina Visnevskaya and Kyung-Wha Chung. Few far-flung villages could attract such a galaxy of stars year after year, but whether you are interested in music or not this coastline is worth a wide detour.

Southwold in the north, made a town corporate by Henry VII, is elegant, charming, a model of what one would wish every British coastal town to be. Its famous greens are scattered like bright fields of emeralds among houses with fine turrets, pantiled cottages and homely shops.

On the crumbling east cliff with its wide views out to sea, the Sailor's Reading Room is home to the fading memorabilia of the North Sea's changing moods: there are records of battles, floods, of wrecks and lifeboat rescues, and sitting quietly among them are sailors who have braved them all. The church is another Suffolk magnificent, and down a side street stands a spanking white light-house.

Southwold is a centre for real ale and fine wines. Adnams' Sole Bay Brewery has built up one of the best reputations among the nation's country wine merchants. There is a splendid sampling offer at £5 for glasses of three different wines to accompany a beautifully prepared lunch or dinner in Adnam's refurbished Crown hotel.

Across the Blyth by rowing boat, Walberswick is the straggling remnant of a place with a past, its great church a ruin preserved chiefly as a seamark and its shaggy greens set about with charming houses. Down by the muddy creek are the tarred huts of fishermen and painters.

Further south the most atmospheric fish and chip café in England huddles behind the shingle bank, a chip's throw from the sunken remains of the lost capital of East Anglia. The Flora tea rooms are a black hut in the beach car park at Dunwich, where fresh caught cod, sole and whiting are whisked straight from the boats into light, crisp batter and served with chips and home-made rolls.

Fish aside, this is a mysterious, ghostly place for out to sea under the waves lies the submerged city of Dunwich, once a thriving centre of religion, learning and commerce. All that is left is a cluster of cottages, a small museum, and a ruined priory wall and churchyard.

Behind the beach shelf southward lies the marshland nature reserve of Minsmere, where the RSPB extends its protective mantle over wild orchids and 300 species of birds.

And so to Aldeburgh, where the fish and chip shop at number 226 in the High Street has a star-studded clientele during the festival. It smokes its own salmon, but has no room for tables and chairs. Cod and chips are best eaten from the paper packet as you perch on the sea wall.

E. M. Forster liked Aldeburgh. "A bleak little place, not beautiful," he described it. His fisherman, Billy Burrell, is still among those selling their catch along the pebble beach. The storm-swept Moot Hall, quaintly striving to dominate the ever-advancing beach, has survived from the time of Henry VIII, and traditionally provides the basis of the stage-sets for Britten's *Peter Grimes* in performances all over the world.

You can walk through the heath to Snape, but even during the festival almost everyone prefers to be ferried, whether by yawl, coach or car. The handsome complex of 19th century buildings at Snape has the Britten-Pears music school, galleries, craft shops and a tea room, besides the famous concert hall thrusting its lawns out to the sedge stands and mud-flats of the estuary of the Alde.

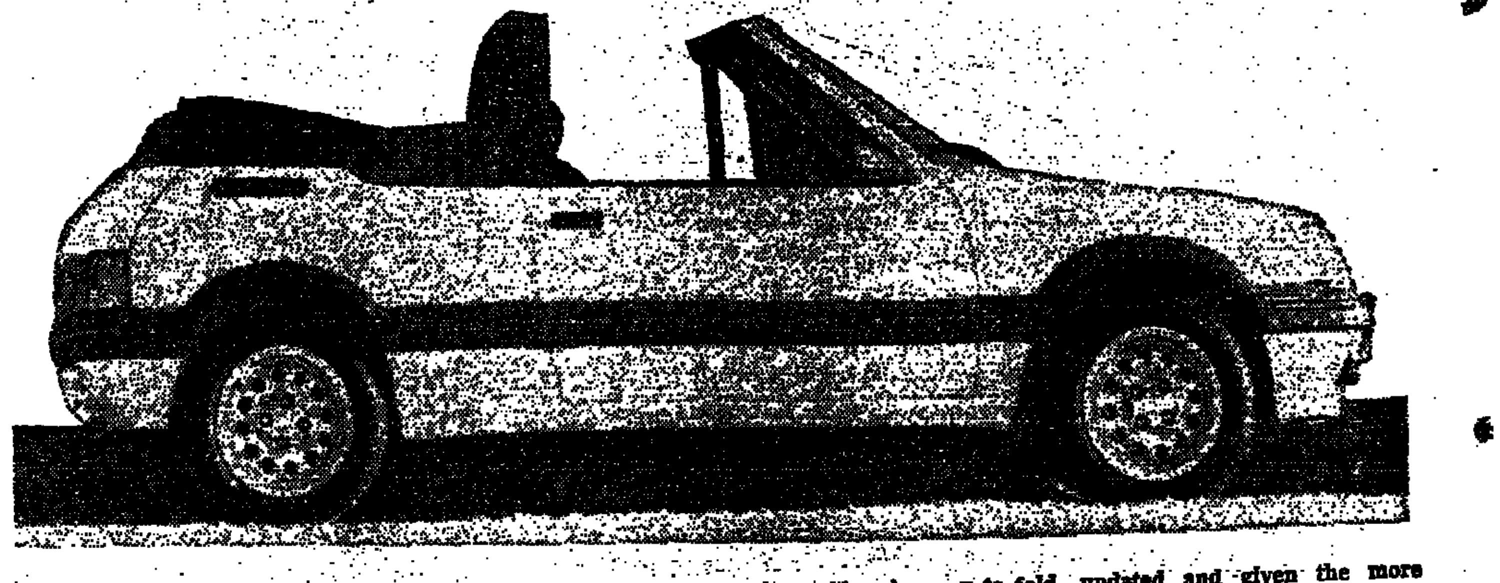
South again, Orford has charm. The greatest bustle is likely to be in the modest Butley-Orford Oysterage, where the energetic Mrs Pinney and her staff serve smoked fish, home-grown oysters, and pork and cockle stew at the double. The Irish salmon, oak-smoked in their own system, is excellent, and the place is booked to capacity on concert days.

Only the keep remains of Orford's 12th-century castle, testimony to the days when the quiet village stood on the sea, a vital stronghold by the mouths of the rivers Alde and Ore.

Walk towards the sea and you can see where the Elizabethan quay ran up the village street to provide moorings beside what were then fishermen's cottages. Now, many belong to weekenders, and Orford, like Dunwich, is a picturesque backwater of coastal Suffolk.

● Information and bookings for the Aldeburgh Festival, master classes, August Proms, September celebrity concerts. Christmas concerts: contact the Box Office, Aldeburgh Foundation, High Street, Aldeburgh: or contact Perdita Hunt on Aldeburgh 2835 for details of group bookings.

Lailan Young



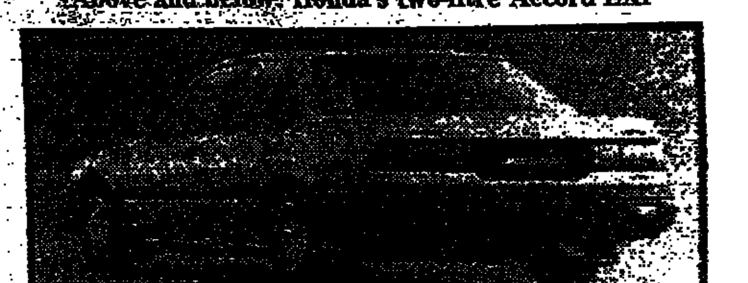
IF ALL had gone according to plan, I would have tasted the attractions of the new Peugeot 205 Cabriolet (above) deep in Morocco. But it was not to be. The international media launch was blown apart by the King of Morocco, who decided to make a state visit to the area which involved taking over the hotel on which the whole exercise was based.

You cannot argue with an absolute monarch, but I thought it was a bit off. No doubt the Peugeot people did, too, having spent a lot of time, money and effort on setting it all up. So, driving the Pininfarina-designed 205 Cabriolet is a pleasure in store.

Known as the CTI, it has a 115 bhp fuel-injected engine like that of the GTI and the hood is said to be easy to fold but to offer full weather protection. It is due to arrive in Britain in good time for summer—providing, of course, that we have one this year. The signs so far (snow, hail, thunder and rain on Easter Monday in Kent) are not promising but one lives in hope.

The CTI is not the only new Peugeot 205. The GTI is being updated and given the more powerful (115 bhp against 105 bhp) engine of the Cabriolet and an automatic has been added to the range. This has an 80 bhp, 1.6-litre engine and four-speed ZF transmission like that already offered in the 305. Top speed is said to be nearly 100 mph and the constant speed 56 mph fuel consumption better than 50 mpg.

The Japanese Connection


Above and below: Honda's two-litre Accord EXi

ONE COULD, I suppose, refer to the Nissan Bluebird and the Honda Accord as the British motor industry's Japanese Connection. They both come from there but the links with this country are clearly visible.

The Bluebird is the car that will start rolling off the assembly line at Nissan's Washington, Tyne and Wear plant, in July. And the Accord is a close relative of the larger Legend, the model from which the new Rover 800 — due out this June — has been developed.

The Rover 800 will be upmarket of the Bluebird. But the Accord is in the same size, engine capacity and price class. So they will be seen as competitors, mainly among private owners, because there is still a marked disinclination among the fleets to buy Japanese. Nissan is confident that that objection will not apply to the Bluebird.

While the Bluebirds now in the showrooms were imported fully built-up, that will not be so for much longer. By September the cars sold in Britain will have been built here, mainly from imported parts. Actual manufacture, using a majority of components produced in Britain and other EEC countries in which the cars will be sold, is two years away.

Both the Bluebird 2.0SGX and the Accord EXi that I drove for nearly 1,000 miles last month were four-door automatics priced at £9,997 (Bluebird) and £10,490 (Accord). I rated them attractive alternatives for motorists who now drive a Vauxhall Cavalier SRi, an Austin-Rover Montego Vanden Plas or a Ford 2-litre Sierra Ghia.

In concept the Nissan and Honda are similar. Their four-cylinder, two-litre engines are fuel injected, of advanced design and set sideways to drive the front wheels. The Nissan has 105 horsepower at 5,200 rpm, the Honda 122 horsepower at 5,500 rpm.

They have fully independent suspension, firmly set up in the European manner to give the kind of ride and handling a German motorist would approve of. Both have H-rated tyres for sharp steering response.

There is something rather Germanic about their interiors, too, for they are sober in their good taste. Naturally, both Nissan and Honda have all the features that middle managers expect to find in a company car.

There is central locking, remote control boot lids and fuel filler flaps, *power steering, electric windows* and radio aerial. The Bluebird has heated front seats and a powered tilt-and-slide glass sunroof. The Accord has air conditioning with push button controls, anti-lock brakes (they work very well indeed) and cruise control.

Throughout both cars the finish, the obsessive attention to detail for which the Japanese motor industry is renowned. Their high quality stereo radio-tape players are standard equipment, not costly extras.

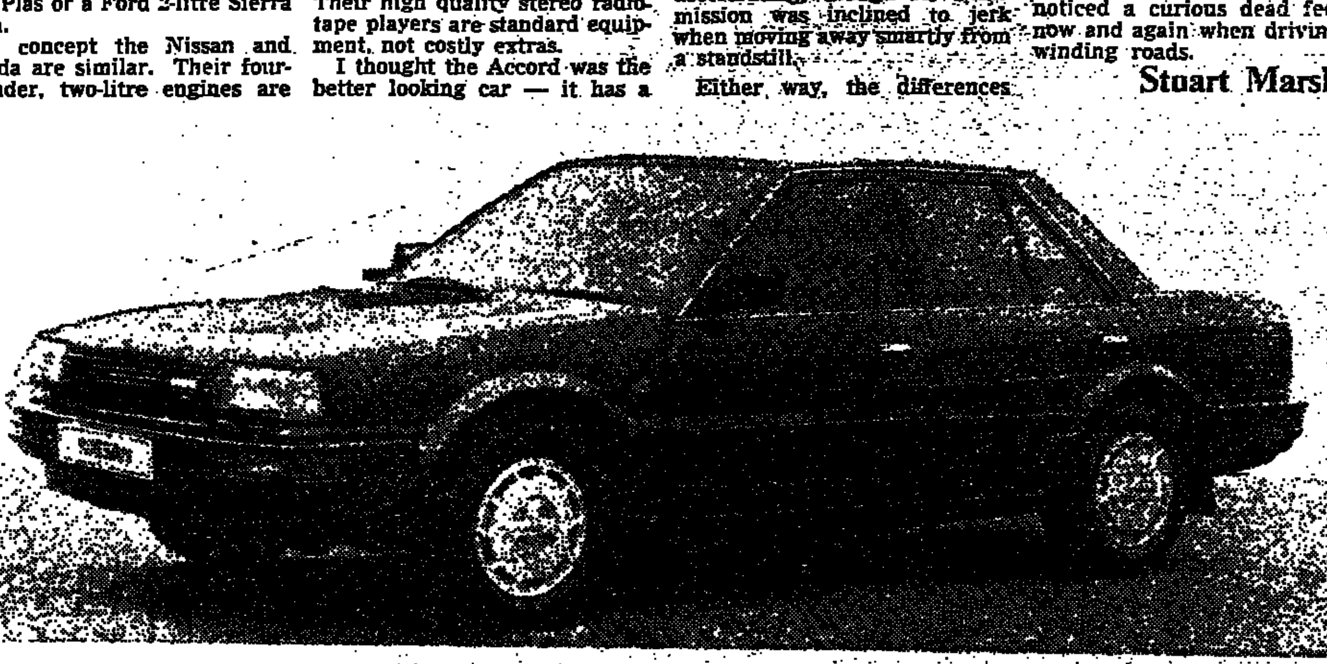
I thought the Accord was the better looking car — it has a hint of the new Mercedes-Benz about it whereas the Bluebird inclines to angularity and fussiness — but the Nissan was a shade more relaxed on the motorway.

Unlike the Accord, which has a four-speed automatic with torque converter lock-up, the Bluebird's transmission is a three-speed with an overdrive engaged by a press button on the selector handle. With the overdrive in, the engine revolutions drop by about 20 per cent. But the Accord, as one would expect from its slightly greater power, felt snappier when accelerating, though its transmission was inclined to jerk when moving away smartly from a standstill.

Either way, the differences are marginal and both cars are impressive for their quiet efficiency. This is surely what matters in cars of this class; not a lot of hair-splitting about 0-60 mph acceleration or flat-out maximum speeds, which is around 110 mph for the Honda, slightly less for the Nissan.

Both cars started instantly on frosty mornings, pulled hard while warming up and gave me just under 30 mpg for a mix of town and motorway driving. The Bluebird has an excellent steering lock which makes for easy parking. The Accord's power steering is speed related. It is effortless for parking but I noticed a curious dead feeling now and again when driving on winding roads.

Stuart Marshall


The Nissan Bluebird 2.0 four-door . . . uninspired styling but roomy and refined on the motorway.

CHESS

A RARE chess problem theme occurs when a pawn on its starting square advances and promotes to deliver checkmate. Ideally this should be achieved in successive moves, as in an 1858 problem by Sam Loyd which he named Excelsior after Longfellow's poem.

BLACK (10 men)

WHITE (10 men)

White here mates in five moves at latest, against any defence. The story goes that Loyd composed his puzzle after a boastful player claimed he could tell at a glance which piece in a problem would give the principal mate. Loyd challenged him to name a white piece in the diagram which did not give mate during the solution, and the "expert" nominated the QNP.

Loyd then demonstrated his answer 1 P-QN4! (threat R-Q5 or R-KB5 with mate at Q1 or KB1, and stopping R-B4 pinning White's rook), R-B4 (the only defence); 2 PxR (threat 3 R-N1 mate), P-R7; 3 P-B6! (again planning R-Q5 or R-KB5), B-B2 (to counter by NxNP; 4 PxP, any; 5 PxN=Q mate.

That such an obscure and artificial theme could occur in an actual game, even in modified form, might seem absurd. But games and traps with the Excelsior idea are not unknown; and when it happens it makes a strong impression on the opponent who can see the pawn advancing up the board towards him, intent on touchdown.

An Excelsior variant in opening play occurs in the Albin Counter, a tricky reply to the conventional Queen's Gambit 1 P-Q4, P-Q4; 2 P-QB4. The Albin trap runs 2 . . . P-K4; 3 QPxP, P-Q5; 4 P-K3? (better 4 N-KB3), B-N5 ch; 5 B-Q2, PxP; 6 BxB? PxP ch; 7 K-K2, PxN=N ch! (promotion to queen would be without check and would allow White to escape by 8 QxQ ch) 7 RxQ; B-N5 ch and wins. The Albin trap may well succeed in club chess, though it will not catch an expert.

A practical chance to utilise the Excelsior theme in play occurs when pieces are massed behind pawns ready for a thrust against the enemy king. Then the Excelsior pawn may advance with the speed of a panzer attack, as in the following game.

Black's knight's pawn here makes the Excelsior run, aided by White's shallow calculation on move 19 that opposition of queens would stop the attack. White's passive, earlier approach, with unforced exchanges at moves 5 and 9, indicated that he was mentally geared to playing for a draw and likely to be unsettled by a tactical switch.

White: Chavdarov.
Black: Georgiev
Queen's Gambit Declined
(Plovdiv 1980)

1 P-Q4, P-Q4; 2 N-KB3, B-B4; 3 P-B4, P-K3; 4 N-B3, N-KB3; 5 PxP, PxP; 6 Q-N3, N-B3; 7 B-N5, N-QR4; 8 Q-Q1, P-B3; 9 BxN, QxB; 10 P-K3, B-Q3; 11 B-Q3, 0-0; 12 0-0, B-KN5; 13 B-K2, Q-R3; 14 P-KN3, QR-K1; 15 N-KR4, B-KR6; 16 N-N2, P-QN4; 17 P-N3, P-KB4; 18 R-K1, P-N4! (the Excelsior pawn starts its run); 19 Q-Q2? P-B5; 20 KPxP, PxP; 21 B-B1, PxP! 22 QxQ, PxBP ch; 23 K-R1, PxR=Q (completing the Excelsior march); 24 RxQ, RxR, 25 Resigns.

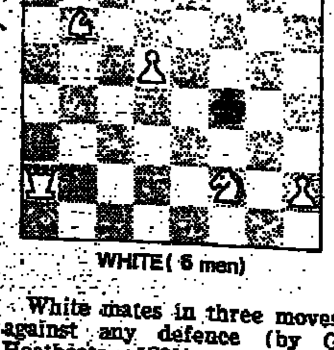
White pawns, too, can make early Excelsior runs. In this curious game from the Spanish championship, White's strategy goes *against* accepted concepts. He makes almost entirely queen and pawn moves, and omits to develop his queen's side pieces. But ultimately every chess position is a special case: White's approach is justified because Black allows a traffic jam which leaves his king short of squares.

White: Gomez. Black: Aracil.
Queen's Pawn, Old Indian
(Spanish championship 1980)

1 P-Q4, N-KB3; 2 P-QB4, P-Q3; 3 N-KB3, B-N5; 4 Q-N3, Q-B1; 5 P-KR3, BxN; 6 QxB, N-B3; 7 P-K3, P-K4; 8 P-Q5, N-QN5; 9 Q-Q1, Q-B4; 10 Q-R4 ch, P-B3; 11 QxN, N-K5; 12 P-B3, N-N6; 13 QxNP, R-Q1; 14 QxQBP ch, R-Q2; 15 Q-B8 ch, K-K2; 16 P-B5 (Excelsior starts its march), NxR; 17 P-B6, Q-B7; 18 PxR, Resigns. Just in time to avoid loss of queen, or P=Q mate.

PROBLEM NO. 615

BLACK (1 man)



WHITE (6 men)

White mates in three moves, against any defence (by G. Heathcote, 1891). Black has only a solitary king, but it is free on an open board distant from most of White's attacking pieces.

Solution Page XVII

Leonard Barden

PROPERTY

Time-share sharks

VISITORS to the sunbaked Algarve might do well to cool off in the shade before they commit themselves to a timeshare unit. Timesharing has hit the Algarve as exuberantly as in neighbouring Spain. Like all phenomena it has its good and its bad sides.

The Portuguese authorities tried when the timeshare wave hit their country in the late 1970s, to provide legislation flexible enough to encourage investment in construction and firm enough to protect the consumer. But they were so rapidly overtaken by events that today they are seeking a way to protect the image of the Algarve as a resort where visitors can enjoy themselves without harassment by the hard-sell, grab - them - one - the - streets method used by most Algarve operators to find new clients.

The hard sell starts on the streets where most British tourists pass, with the "outside personal contact" (OPC)—extrovert British youngsters flown to Portugal with promises of sun, fun and quick money. Using whatever story they think will get a response—including claims that they are paying for their mother's operation or by offering tourists a free meal, free bus tour or free car drive—they distribute cards to tourists. A tourist who accepts the offer of a free whatever, becomes an "up" worth £20 to the OPC.

Those lured by such offers face rapid-fire patter from salespeople who will try to persuade them to sign right then and pay a deposit of between £250 and £1,000 on a timeshare unit.

Full payment for a week or fortnight costs £2,000 off-season for a one-bedroom unit, up to £5,000-£10,000 in the high season depending on size, location and luxury of the unit.

Consulates, lawyers' offices and local authorities have received a flood of complaints from tourists who have been "bullied" by youngsters—sometimes as many as 40 canvassing for different timeshare operations along 1km or road—or divested of a cheque for £500 or more which, when they recover their wits, they cannot get back.

Hoteliers and restaurateurs in Albufeira, and Praia da Rocha have petitioned the civil governor to stop the OPC people who, they claim, are adversely affecting tourism.

The authorities have acted recently, rounding up OPCs and expelling them for having no work permit. Gullible young people have found that the marketing companies which hired them without contracts ignore them if they fall foul of the authorities.

Statistics cause problems. It is impossible to take an accurate measure since not all timeshare units are registered but it is estimated that 500,000 time share weeks and 9,800 units are now available in an area where usually all property sales, flats, villas, full ownership, co-ownership or timeshare are only 1,000 a year.

The Algarve was overbuilt in the early 1980s. Unable to sell on full ownership, operators lurched into timesharing as a last resort.

Some took the legal road, under the timesharing decree-law No. 355/81, which allows only one owner—an individual or company—per operation, and grants the purchaser a negotiable property certificate, the financial value of which, to quote the law, "can be rapidly realised by the holder."

Holders, however, have found it hard to "fully realise the value" of their share. Apart from OPCs on the streets, timesharers accost tourists (and more ironically, other OPCs) offering them their week at cost or a discount. Often, timeshare operators who say they will arrange resale will not do so.

A partial hedge is provided by acquiring a timeshare from operations affiliated to Resort Condominium International, an exchange system through which a week in the Algarve can be exchanged for a week in the US or southern Europe. Several

Beware the hard sell on Portugal's Algarve, warns Diana Smith.

Algarve operations belong to this scheme: they include Vale do Lobo, the Oasis and Porto Bela operations at Vilamoura, Vale do Garrao, and one of the newest set-ups, Jardim de Vau, whose units move slowly because the owners, Emerson International of the UK, reject OPC techniques and try softer tactics like reasonably priced charter holidays at the site on the edge of Vau Beach beyond Portimao.

Jardim de Vau, like other careful timeshare operations, allows potential customers a cooling-off period and the right to show their standard purchase agreement to a solicitor in the Algarve or back in the UK before completing purchase.

Such operations—including Tres Castelos, and Elliot Timeshare in the Vale do Lobo—are part of a groundswell in the Algarve to improve the collective image and even form a timeshare association with high, clearly-defined standards and a list of members readily available to the public.

Such operators would not be averse to tighter Portuguese regulations, following the example of the US where strict rules have been imposed on operators. The subsequent culling has driven less serious operators off the market but the good ones have survived.

Portuguese officialdom is unhappy. The Foreign Investment Institute which is supposed to vet all foreign investment has often been by-passed by timeshare operators who pay cash for real estate or do deals through Swiss banks with Portuguese developers. Some of that land may not even enjoy planning permission as a tourist operation because the original developer has not met sewage or other requirements. Around badly-overbuilt Albufeira there are operations in this predicament.

The Bank of Portugal has also been skirted: imports of capital to purchase real estate should be licensed by the central bank. Frequently the money "comes inin an old suitcase" as a disgruntled official said.

The Foreign Investment Institute is flexible about variants on timesharing—co-ownership where timesharers take shares in a company and acquire a title deed, club or country club, or off-shore trusts owning the timesharing property where the timesharer becomes a beneficiary of the trust enjoying a freehold. What the institute wants is honest negotiation.

A recent example of a carefully-negotiated timeshare variant is the Four Seasons Country Club on the prestigious Quinta do Lago, a 1,750-acre low-density complex of golf courses, houses and a few villages, west of Faro. Representing the largest foreign investment Ireland has ever made in Portugal, the £12m Four Seasons club is built and run as a trust by McInerney, Ireland's major construction firm.

With 21 units now built and the clubhouse and sports facilities due to open in July, the Four Seasons will in time have 96 cluster housing units on the edge of the Quinta do Lago golf course, at an average price of £3,500 for a week—that is, timeshare with a smarter name. With soft-sell marketing, McInerney is on target with sales helped not only by the watertight legality of two arduous years of negotiation with the Portuguese authorities but also by its up-market approach and surroundings.

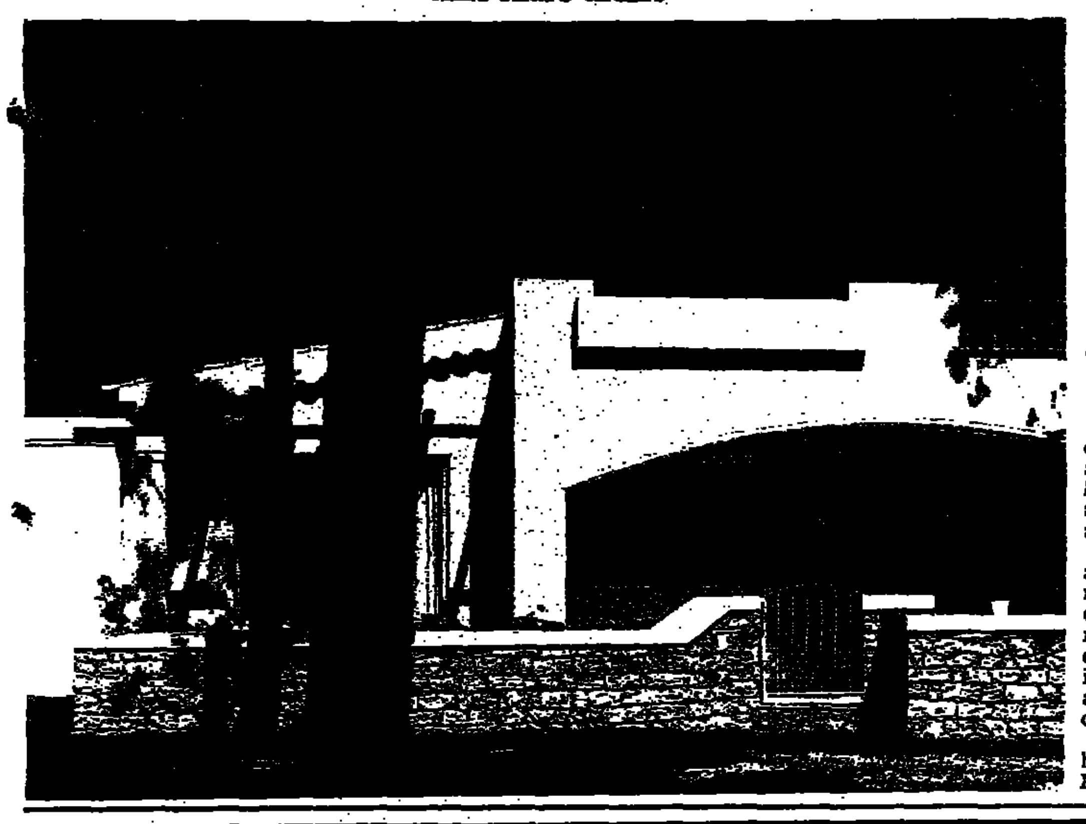
Between this sort of top of the market operation and the unlicensed tower blocks at the bottom of the market there is a wide range of time-share units along the Algarve coast.

Often well-designed for self-catering with good utility kitchens, balconies or terraces, swimming pools, reduced green fees at nearby golf courses, tennis courts, riding stables, and discotheques time share or for that matter, full ownership properties offer pleasant holidays at reasonable prices.

The trick is to select carefully, and to be wary of purchase agreements that are unspecific and of sales staff that refuse to allow a prospective customer a cooling-off period, or the chance to consult a solicitor. If an operator suggests title insurance, a new facility that has caught on in Spain and is being gradually introduced in Portugal, so much the better.

Diana Smith

The Four Seasons Country Club: a well organised variant on the time-share theme



COUNTRY PROPERTY

OVERSEAS PROPERTY

Collecting

The dignity of honest craft

CHARLES ROBERT ASHBEE (1863-1942) was one of the most extraordinary personalities of the Arts and Crafts movement, both in his public achievements and his private life. He styled himself a "Practical Idealist;" and even if his idealism often seemed utopian, not to say cranky, he generally confounded critics by the practical results he achieved.

He was a creative architect, designer of furniture, jewellery, silver and typography, a social reformer, educator, pioneer conservationist and town planner. He left behind a considerable body of artistic works, a tradition of craft production, and a corpus of ideas on the relationship of art and life which seem less muddled and eccentric in today's world than they did to the more self-confident society of later Victorian and Edwardian England.

His family were out of the ordinary. His father, H. S. Ashbee, was a famous Victorian collector of erotica, who, under the pseudonym "Pisanus Fraxi" (a play on the Latin words for "Ash" and "Bee) compiled a massive and classic bibliography of pornography. His small but forceful mother, to whom the younger Ashbee maintained a perilous, life-long devotion, was the daughter of a Hamburg merchant with whom H. S. Ashbee became acquainted in the course of his more humdrum professional life as traveller for a textile firm.

At Cambridge C. R. Ashbee fell under the spell of Ruskin and Morris, and into the company of a circle of high-principled, scholarly homosexuals like himself, including Lowes Dickinson and Roger Fry. He was also deeply impressed by the sage and poet Edward Carpenter, who preached return to a clean simple life along with a liberal view of sexual behaviour.

While training as an architect, Ashbee became involved in the work of the Toynbee Hall settlement in Whitechapel, set up in 1884 with the object of giving university men the opportunity to do social and educational work among the people of Whitechapel. Here Ashbee's devotion to the romantic socialism of Ruskin and Morris crystallised into ideals which he put into practice in the Guild of Handicraft, which he established alongside Toynbee Hall in Commercial Street in 1887.

Central to Ashbee's notion was that art is a social concern. It can not be remote or elitist, but has a place in the most ordinary and simple things of life. With Morris he looked back to an idealised mediaeval world "where imagination and fancy mingled with all things made by man." He wanted to restore dignity and pride and pleasure to labour and craftsmanship — qualities which he felt had been destroyed by the machine.

He recruited and trained craftsmen while developing his own very considerable gifts as a designer. Not all the Guild's products were great works of art: Ashbee could be as pleased with courageous prentice efforts as with masterpieces: what mattered for him was that what was made should be human and expressive of the man who created it. Ashbee was zealous also to make the Guild a social as well as productive entity.

As its products found a market, Ashbee moved the Guild to better premises in Essex House, Mile End Road. In 1902, fired with ideas of the wholesomeness of the country, he moved the Guild to Chipping Camden in the Cotswolds. There were inevitable problems in settling his cockney workers into the alarming new world of the country, and the locals were suspicious of the invaders; but the craft tradition was to survive in the new locality long after the Guild itself had foundered.

Sometimes the accounts of the picnics and singsongs (antique folk tunes, naturally) and amateur dramatics sound quaint; but in later years a Guildsman could recall the "freedom and pleasure in one's work, and idyllic and beautiful surroundings; what more could one desire or hope for?"

The Guild was only part of Ashbee's multifarious activities. His successful efforts to prevent the demolition of the old Trinity Hospital in Mile End Road led to the first planned efforts to record and preserve historical London buildings, and the inauguration of the Survey of London, which still continues publication. After the First World War, when his career might have seemed at an end, Ashbee was called in to devise a town-plan for the Old City of Jerusalem.

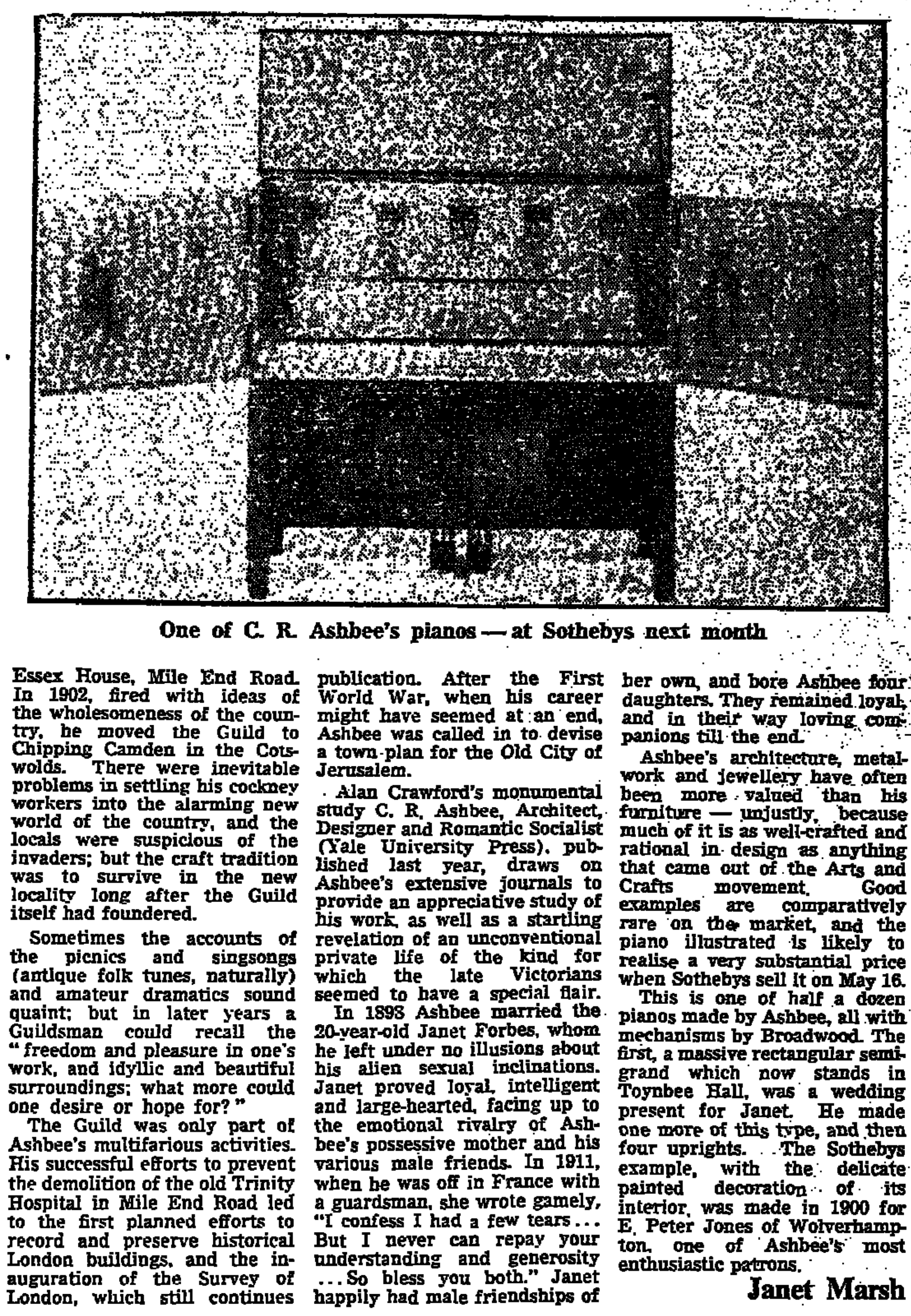
Alan Crawford's monumental study C. R. Ashbee, Architect, Designer and Romantic Socialist (Yale University Press), published last year, draws on Ashbee's extensive journals to provide an appreciative study of his work, as well as a startling revelation of an unconventional private life of the kind for which the late Victorians seemed to have a special flair.

In 1898 Ashbee married the 20-year-old Janet Forbes, whom he left under no illusions about his alien sexual inclinations. Janet proved loyal, intelligent and large-hearted, facing up to the emotional rivalry of Ashbee's possessive mother and his various male friends. In 1911, when he was off in France with a guardsman, she wrote gamely, "I confess I had a few tears … But I never can repay your understanding and generosity … So bless you both." Janet happily had male friendships of her own, and bore Ashbee four daughters. They remained loyal, and in their way loving companions till the end.

Ashbee's architecture, metalwork and jewellery have often been more valued than his furniture — unjustly, because much of it is as well-crafted and rational in design as anything that came out of the Arts and Crafts movement. Good examples are comparatively rare on the market, and the piano illustrated is likely to realise a very substantial price when Sothebys sell it on May 16.

This is one of half a dozen pianos made by Ashbee, all with mechanisms by Broadwood. The first, a massive rectangular semigrand which now stands in Toynbee Hall, was a wedding present for Janet. He made one more of this type, and then four uprights. The Sothebys example, with the delicate painted decoration of its interior, was made in 1900 for E. Peter Jones of Wolverhampton, one of Ashbee's most enthusiastic patrons.

Janet Marsh



One of C. R. Ashbee's pianos — at Sothebys next month

Archaeology

When Crete had squires

THE COUNTRY houses of Crete in 1500 BC now total about 20. They were one step down in the social structure from the four or five palaces that were the centres of Minoan society, and definitely smaller. But their architecture and furnishing were generally of palatial quality, and their functions were just those of English country houses, French chateaux or Italian villas, whether Roman or Renaissance.

They lived off farming and ruled the locale as intermediaries for the superior power. As with all country houses of any date in any place, there had to be peace and security for them to be built at all.

The country house excavated at Pyrgos on the south coast in the 1970s is a fine example, but there are several others that are also worth visiting, such as Vathypetro and Tylissos near Herakleion and Ano Zakro in east Crete.

They give a new—and for us in time AD an unexpectedly familiar—view of Minoan Crete in its century of greatest prosperity before the Mycenean Greeks took it over c 1450 BC. The way of life they represent, and the peace needed to make such civilisation in the wilderness, are rare in the long turbulent history of Crete.

Like their 18th century counterparts, the Minoan country houses are usually sited with a view. This was both an aesthetic matter and so that they should have land around them which would be recognised at once as the domain. They could see and—equally important—they could be seen. The estate produce would have gone to the storerooms in the local big house, and some passed on to the enormous storerooms of the palaces.

The produce was listed on clay tablets written in the Minoan Linear A script: the country houses have usually one or two of them, while larger archives are found in the palaces.

So the country houses were the local centres of the economy and of society and government. As in the palaces, religion was the glue that held the system together. At Knossos the storerooms are next to several shrines and the counting-house. At Pyrgos we came upon a microcosm of this Minoan mixture of God and Mammon.

Lying on the collapsed stone slabs of the first floor were the contents of a shrine or shrine-treasury. Two clay sealings and a Linear A tablet accounted for the produce. Parts of Egyptian stone vases already 1,000 years old were curios, which probably came from some tomb looted in antiquity.

The other items were clearly sacred. Tall tubular stands had bowls on which the first fruits of the produce could be given in offering. And there were large, and holy, conch shells in three media: one actual shell, one in pink faience—a material like glass, but not molten in production—and one painted on a jug of clay.

The only thing we did not find was the object of veneration.

Such contents of a country house would be quite at home in the palaces, in whose workshops some of them were made. The jug with a painted conch shell, set in rocks and seaweed, is in the Marine Style of which Knossos was a centre of production. The faience conch shell probably came also from Knossos.

So farm produce left the country houses for the palaces and luxury items came back. Master masons could have come too, as the architecture of the houses is that of the palaces in miniature. Verandahs and light wells give the same variety of light and shadow.

Staircases are made with stepped parapets with wooden columns to support the next flight. And most of the important reception rooms were on the upper floor.

The elite who lived in these grand residences may have also had town houses, in the "cities" round the palaces. The largest group of town houses is at Knossos—buildings with names such as the Little Palace, the Unexplored Mansion, the Royal Villa, as Sir Arthur Evans christened them. In architecture, contents and evidence of rank they are the urban counterpart of the country houses.

Around 1450 BC this elegant life stopped. The country houses, the towns, and many of the grand town houses, were burnt and abandoned. Only the palace of Knossos seems not to have been touched. The other palaces succumbed.

This is the disaster which has often been attributed to the eruption of the volcano of Thera (Santorini). But it is difficult to believe that a natural disaster should have destroyed many buildings in the town of Knossos and spared the palace, while at Pyrgos the big house burnt but cottages in the village survived.

Though we cannot exclude an earthquake, human agency is the most likely cause. Mycenaean Greeks probably came and sacked Crete, and then ruled it from Knossos, where they had spared the palace. About 70 years later we have their clay tablets. They are still bureaucratic records, but they are written in the new Linear B script and in Greek which can be read. It is the best evidence for Mycenaean rule of Crete from Knossos.

But the stately homes of Crete were long gone, waiting for archaeologists to resurrect them.

Gerald Cadogan

Good ideas that gel together

Gardening

A SMALL transparent plastic cup filled with translucent jelly and capped with foil stands on my bookshelf. Three cuttings of a variegated coprosma have been growing in it for the past month. "Growing" is perhaps too optimistic a word for when I made and inserted the cuttings on March 5, by making three little holes in the foil and pushing them through, they had no roots and even now the roots are quite small and the cuttings, though almost as fresh and plump as the day they were taken, have not made any new leaves. But that, no doubt, will soon be rectified. What I find really interesting is that they have not been covered or protected in any way and have never been watered.

Cutting growth in gel is the method used for all micropropagation but usually the process goes on inside sealed glass flasks and requires very careful supervision whereas the purpose of my "clearcut" pots is to make the rooting of cuttings so simple that anyone can tackle it without equipment of any kind—though a simple frame might speed things up.

An added fascination of the method, which has been developed by Fisons and should now be available in most garden shops in packs of three pots for £1.66, is that one can actually see the roots forming and judge with great precision when there are enough of them to allow the cuttings to be lifted out of the jelly and transferred to a normal peat or soil compost.

Mine have not yet reached this critical stage and I reserve judgement as to the ultimate value of the new technique until I see how readily they overcome the transition. A principal drawback to the rooting of cuttings in water (which we used to practice as children for the fun of watching the little miracle of root formation occur) is that the cuttings often fail when moved into soil.

This is also considered one of the most difficult stages in micropropagation—so much so that some laboratories specialising in it have equipped themselves with enough glasshouse accommodation to enable them to carry out the weaning process and supply their customers with plants fully established in small, compost-filled pots. Fisons assure me that they have not encountered any such difficulties but I shall be happier when I have checked this for myself.

I should add that "Clearcut" is intended for softwood cuttings, that is, cuttings taken in spring or early summer from young growth that has not yet begun to get woody. The Fisons experts say that it should work reasonably well for some half-ripe cuttings—those taken in June and July at the half-way stage, but is definitely unsuitable for hardwood or fully ripe cuttings in late summer and autumn.

This seems an appropriate moment to point out that traditional methods, using peat, soil, sand, perlite or various mixtures of them, can be used highly successfully for rooting cuttings at any time of the year. It is not possible to root most spring and summer cuttings unprotected in a room, as I am doing with my coprosma cuttings in gel, but the simplest form of cover to maintain a moist atmosphere will suffice.

My usual method is to use polythene bags slipped over the pots containing the cuttings and secured around the sides of the pots with elastic bands. This leaves the drainage holes in the bottoms of the pots clear and the compost can be kept moist either by standing the pots on damp capillary matting, available from most garden shops, or by holding the pots to their rims for a few moments in a bucket of water.

Several companies make special composts for cuttings or one can use any of those prepared for seed germination. I prepare my own cutting compost with equal parts of peat and perlite but, if the latter is hard to find, gritty sand will do almost as well.

Spring and summer cuttings are made from the current year's growth, either severed just below a leaf or joint or pulled off with a small sliver of the older stem from which it grows. Such cuttings are known as heel cuttings and sometimes they make roots more readily than cuttings made entirely from young growth. Certainly the "heel" of older growth discourages decay which often takes a toll of softwood and half ripe cuttings.

I always dip the cut end of softwood cuttings in a root-promoting powder or gel partly because these preparations usually contain a fungicide which checks decay but also because I think young growth is less likely to contain an adequate supply of its own root-forming hormone than more fully mature growth in summer or autumn. Fisons recommend the use of such hormones before cuttings are inserted in "Clearcut."

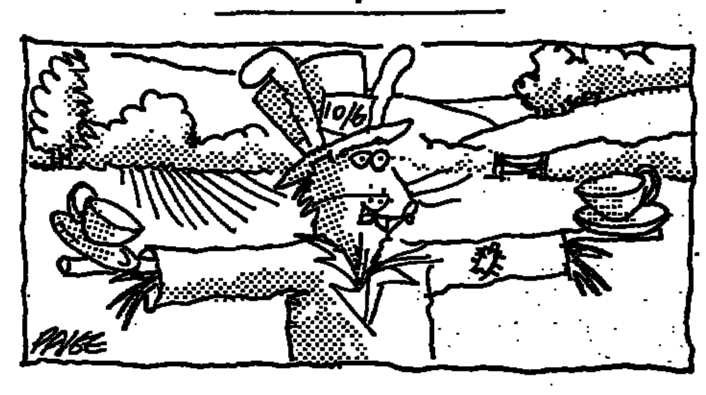
The most obvious plants to propagate by softwood cuttings are chrysanthemums, dahlias, fuchsias, geraniums and perpetual flowering carnations but the list can be extended far beyond this. Lobelia cuttings root readily at this time of year and this or division are the only ways of propagating the delightful double flowered variety named Kathleen Mallard which is completely sterile and so produces no seed.

Lupins and delphiniums root readily from spring cuttings provided these are taken early, before the young stems become hollow. They need to be severed close to the crown of the plant where growth is firm and solid and they need no further preparation. It is not widely known that the Caucasian scabious, Scabiosa caucasica, also roots readily from cuttings taken in precisely the same way and that plants grown from cuttings are usually healthier and more vigorous than those increased in the more usual way by division.

Cacti and succulents can also be grown from cuttings of soft growth which, in the case of cacti, are likely to be pieces of the body of the plant rather than stems. Fisons say that these desert plants succeed particularly well in "Clearcut," which is rather surprising since a jelly is such a very different medium from anything these plants would encounter when growing naturally.

Arthur Hellyer

Country Notes



Hare styles

AUTUMN-sown wheat should hide a hare in spring, according to the older farmers in my youth. Meaning that the crop had made such growth through the winter that its leaves would be six or nine inches long, providing enough cover for the hares to make their surface nests or forms.

This was probably essential for the hares which are well camouflaged by their brown coats when lying on the bare earth. One can almost walk over them sometimes as they lie immobile, so confident are they in their protective colouring.

In fact some countrymen boast of being able to walk up to a crouching hare, using a mesmeric technique, and catch it by hand. I have asked several of these experts to show me how it is done, but so far none has been prepared to put the theory into practice.

I have tried to get close to them too but have been within a dozen yards before the hare senses the danger. On the other hand, if you are walking over the field quite obviously thinking of something else, they will sometimes get up at the last moment rather than be trodden on.

This year though, none of my wheat would hide a mouse let alone a hare. February frost killed nearly all the greenery but the milder March weather gradually turned the brown fields green, and in sheltered fields growth is quite vigorous. It will be well towards May before the hares will be able to hide there, but at least the crops are alive.

The hares have lost out as far as protective colouring is concerned. Their humped bodies can be seen a long way off on the green carpet and I can get an idea of their numbers without having to organise a hare drive. The warmer weather has awakened their sex instincts, too, and they can be seen chasing each other about in "March madness" which goes on well into April.

The hares I have watched do not seem particularly mad. Rather they behave like a party of exuberant teenagers racing around the playground with the sheer joy of release from school. It may be sex or they may just be welcoming the spring equinox and the release from harsh winter days. It is also probably Natures' way of thoroughly mixing the families to limit inbreeding.

Most of my land contains a fair proportion of clay and the hares do not like it much in winter. I believe they move to the lighter chalks a few miles away, returning to breed when the land gets drier. They can do a great deal of damage to crops and the traditional way of getting their numbers down is the hare drive. Unlike rabbits, hares do not go underground and pass their whole lives on the surface so gassing, trapping and ferreting are out as a means of control.

I believe the hare populations are falling and for this modern farming may be partly responsible. No one knows quite why but modern techniques of grass growing, particularly the strains of ryegrass, make grazing animals vulnerable to metabolic disorders. Sheep and cattle can be protected with the help of feed additives. But hares do not yet know how to lick magnesium blocks and suffer from these common ailments.

John Cherrington

Not-so-good time girls

Sara Evans gives a suffering hostess's guide to the unpredictable world of the au pair

MERCEDES WAS a 5ft 2in Carmenesque bombshell with a pure Castilian lisp. She had been a beauty queen in Spain and her prize was a bull dedicated to her at the Playa de Toros.

Even though she came most highly recommended by the au-pair agency, the hidalgo speech and looks should have warned me. The two things she had no intention of coming into proximity with were my children and the housework. She annexed my clothes, my car, my ice-skates and my husband in astoundingly swift order.

Then there was Catharine from just outside Paris, who said that bathing in stagnant water was a nasty, dirty, English habit; she must have constant (hot) water in the shower. She flooded the bathroom several times, and eventually the water accumulating between the bath and the wall tiles brought the ceiling of the dining room below crashing onto the table set for a dinner party.

Odile ate garlic sandwiches, and lost my best silver on *pic-niques à la campagne*. And so it goes on . . .

Employing an au-pair can be a risky undertaking. It is possible to end up going out to work in order to finance the home help and as a result to suffer an unhygienic house, screwed up kids and a massive guilt complex about leaving your offspring to be brought up by strangers.

Basically, au-pairing is a good idea gone wrong. The theory is that the hostess welcomes a nicely brought up young lady into your home. She will, in return for pocket money and a chance to study the English, their language and customs look after your children and do a little light housework. You will be *in loco parentis* and treat her as you would your own daughter, and do your best to pass on to her all that is good about Britain.

Sad to say, it doesn't always work out that way for either of you.

To the agency, all its girls are paragons, who can cook cordon bleu, clean, adore your children and have no antisocial habits. To their clerical referees, they are angels; to their doctors, in the rudest of health; and to their teachers the best things ever to pass out of their particular lyce, institute or escuela secondaria.

After several years' practice, I can vouch that it takes about three months to acclimatise one of these hothouse flowers to the rigours of British middle-class family life. By which time they are looking speculatively at their expensive Hermes suitcases and preparing to re-embark for the motherland and marriage.

To some, light housework means flicking a duster languidly round the living room once a week and maybe bathing the poodle. Ironing, if she consents to do it at all, means folding clothes and patting them with a warm iron. One girl stuffed all my husband's shirts behind the deep freeze in the hope that out of sight was out of mind. Mercedes wouldn't even cook potatoes.

At present I am agony aunt to Chrystèle, whose love-life is more complicated than the Colbys. At each amatory reverse she either smashes something, burns something or loses something vital like her contact lenses.

But host families are not entirely blameless either. Even friends of mine still seem to live in the pre-war age of servants and think that au-pair is Frnch for skivvy.

Katy, for instance, is a mild-mannered girl from Brittany, of average middle-class upbringing. Her "lady" eats butter, while she must spread margarine on her breakfast toast—and all her meals seems to consist of toast. (Doubtless Katy's does her more good than madam's butter, but it's the principle at stake.

Katy is not allowed to sit with the family in the "lounge," her place is the kitchen. She may not smoke (madam does) or entertain her girl friends in the house. Her meagre time off is liable to be cancelled without notice. The youngsters she cares for are miniature delinquents. And all for £14 a week.

The Home Office makes strict rules regarding the employment of temporary foreign domestic staff. They may only work 5 hours a day and must have adequate time off for language classes. The minimum pay is £14 a week and after six months residence they need a work permit or authorised extension of employment. The host family is solemnly urged to treat the visitor as one of the family, and to accord her the same privileges.

The more reputable agencies also lay down ground rules designed to protect au-pair and host family, although by and large they cannot be enforced and are frequently ignored by both sides.

The host family is bound, as it were, to "buy a pig in a poke." They have to rely on the agency's judgment as there is no opportunity to meet and talk before she arrives baggage in hand at Heathrow or Victoria bust station. It must be tempting to exaggerate skills in childcare and housewifery at the prospect of even temporary employment without strict parental control in the beckoning bright lights of once-swinging London.

On her side, it must be very daunting to be faced for the first time with a strange country, strange speech, strange money, strange customs and a strange family, at least some of whom will regard her with a degree of cautious hostility.

And the food. Everyone in Europe knows the English have crazy eating habits — cheese with apple pie, apples stewed with pork, mint-flavoured preserve with sheep meat. And everything is drowned in one kind of sauce: if it is brown it is called "gravy", if it is yellow, it is called "custard," and if it is red, they call it ketchup.

BRIDGE

THE annual Lords v Commons match will be played on Wednesday, April 16, at London's Inn on the Park. Our grateful thanks to the management for once again hosting the lunch. This generosity enables the organisers to give a donation to a charity — this year, Help a Child to See.

My first hand today comes from a team match:

N
♠ A K 8
♥ Q 8
♦ A 9 6
♣ A 9 6 5 2

W
♠ Q J 9 7 5 3
♥ 9
♦ Q 10 5 2
♣ Q 3

E
♠ 10 4 2
♥ J 10 4 3
♦ J 8
♣ J 10 8 7

S
♠ 6
♥ A K 7 6 5 2
♦ K 7 4 3
♣ K 4

With both sides vulnerable, His partner forced with three clubs, the opener rebid three hearts, and North said four hearts. Feeling that a slam might be possible, South showed his club king by bidding five clubs; this encouraged North to bid six hearts.

West led the spade squeen, won with dummy's king. The right line is to lead the heart eight to the king, cash king and ace of clubs, and ruff a club in hand. As the cards lie, West would not affect the contract if he could.

Declarer crosses to the heart queen and ruffs another club. Dummy's nine is established so South cashes his trump ace, concedes a trick to the knave and claims 12 tricks.

But South cashed the heart queen at trick two, depriving dummy of a vital entry, and crossed to his king. He cashed the two top clubs, ruffed a club, crossed to the diamond ace and ruffed another club. Knowing he had played badly, South was about to concede one down when he suddenly saw a gleam of hope. East had played the bably indicating three cards, and he was known to have four hearts and four clubs. Therefore, he had only two diamonds. Cashing diamond king and heart ace, declarer threw East in with a trump, forcing a spade return.

South was lucky — you rarely get a chance to retrieve a bad blunder.

The next hand comes from a rubber:

N
♠ J 10 8
♥ K 8 4
♦ A 7 6 2
♣ 8 5 4

W
♠ K 6 5 4 2
♥ Q 10 6
♦ Q 10 9
♣ 6 3

E
♠ A 3
♥ J 7 5 3
♦ J 5 4
♣ K 9 7 2

S
♠ Q 9 7
♥ A 9 2
♦ K 8 3
♣ A Q J 10

At love-all, South dealt and bid one no trump, North raised to two and South pushed on to three—he had a bare minimum 16 points but he liked his cards.

West led the four of spades, dummy played the eight, East's ace won, and South followed with the seven. When East returned the three, South played his queen—one move too late—and West shrewdly ducked. Declarer crossed to the diamond ace and returned a club, finessing the queen. When this held, he crossed to the heart king and led another club, finessing the knave. With no further entry to the table he cashed the club ace, but East's king did not fall and the contract failed.

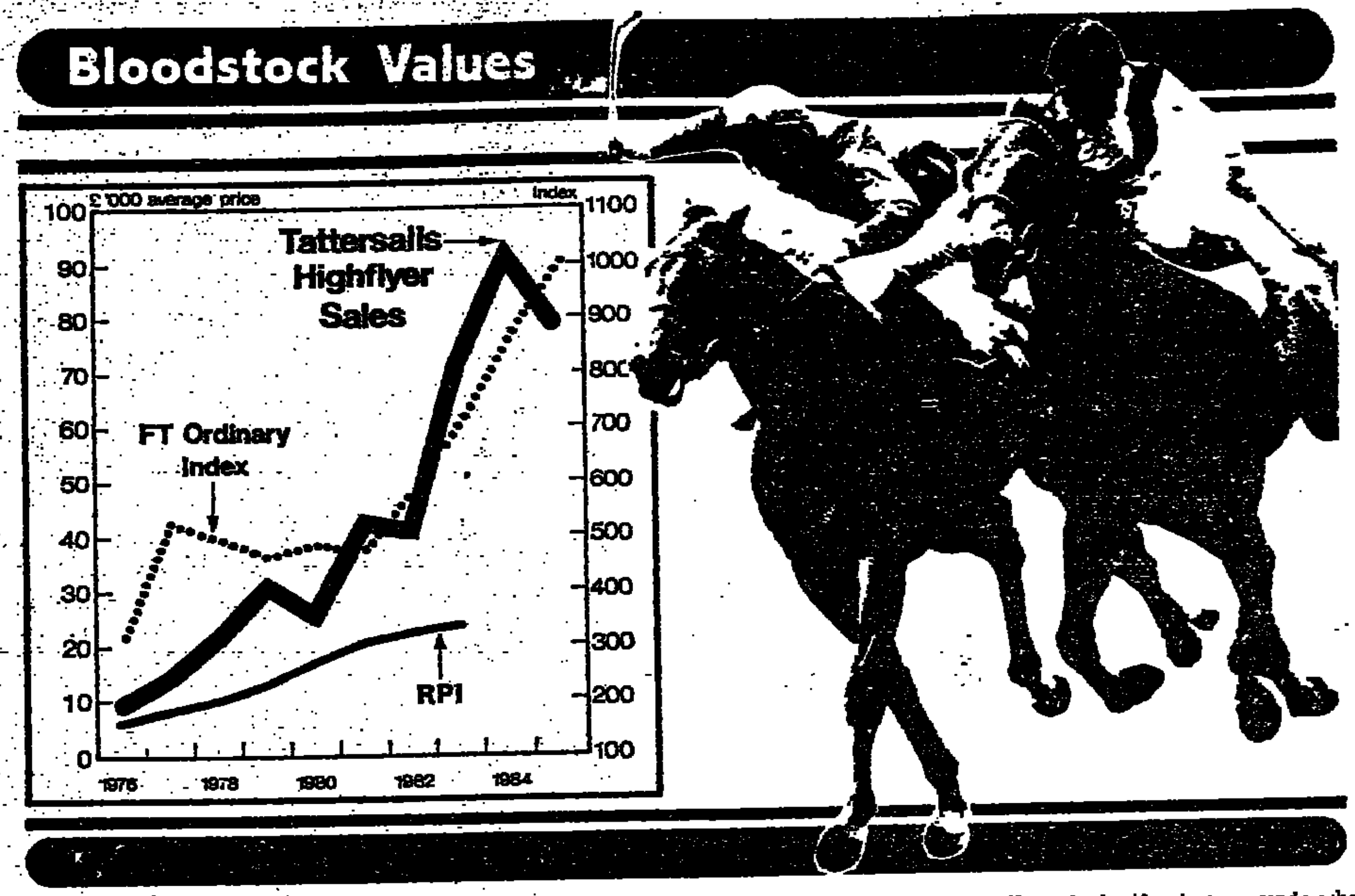
The declarer played badly. It is clear that the club finesse has got to work—otherwise, the contract is impossible—and in case East has the king with three other cards, another entry to dummy must be created. At trick one, he must jettison his spade queen under the ace. Now, nothing can prevent him from reaching the table via the knave of spades and taking three finesses in clubs.

• WEEKEND FT REPORT •

Bloodstock

Soaring inflation of bloodstock values is beginning to abate but the industry remains in the best of health. The UK has particularly profited from the decision of Arab owners to keep their finest horses for breeding in England

Arabs restore champion bloodlines



NEWMARKET IS a jaunty place these days. It is a town that has thought itself the capital of the world since the 17th century. At least, in the second half of the 20th, it is half-way to regaining its historic place as the capital of the world bloodstock industry.

Last year, racehorses bred or trained in England carried all before them: Rainbow Quest, Pebbles, Slip Anchor, Oh So Sharp, Rousillon and Never So Bold were arguably the finest animals in their different classes in the US, France and Ireland.

It is probable that all these horses will stay in England; and there is a good chance that each will add something to bloodlines that have been losing speed and class as the finest breeding stock follow the shift in post-war wealth to the New World.

The reasons are manifold, but one stands out. It is called Maktoum. As a leading breeder in Newmarket put it: "Our Arab benefactors can go over to America and pay top whack. They race these horses over here. The best they keep for their own studs, but even their poor relations will benefit every breeder here."

The diffident but single-minded determination of the Maktoum family, of Dubai, to own and breed the finest racehorses and to race them in Europe has revolutionised bloodstock values. And the need to keep their, perhaps, £500m-in-bloodstock in comfort and health has kept the price of Newmarket land well up at about three times the national average. For the small commercial breeder, the price inflation is no blessing, but it has certainly propelled English bloodstock back to centre stage.

Major Christo Philippson, of the British Bloodstock Agency, in Newmarket, believes that the Arab contribution could reverse the loss of good blood to North America. "The Arabs want their champions to remain here and they are encouraging others to stand their horses here for breeding purposes. It is going to become increasingly difficult for American breeders not to patronise these top-class horses."

This is all the more remarkable, given the inherent disadvantages of racing and breeding in England. Bloodstock values must be based eventually on what a horse can earn for its owners on the racecourse. Prize money is low by French, US or Australian standards, and there are no "breeders" premiums on the French pattern.

There are many — though not usually the betting public — who grouse about the absence of a Tote monopoly pouring wager money back into racing on a large scale. Nor does the UK offer the sort of fiscal concessions that in Ireland leave stallion income untaxed and permit owners in the US, for the moment at least, to write down a horse to carcase value in three years.

But as Major Philippson points out: "If we can't have the most valuable races over here, at least we can offer prestige. The top races are rated on an international pattern, covering Europe, the US, Australia and South Africa. A Group Three horse over here is sometimes a Group One winner in the US."

Mr Robert Sangster: bloodstock values rose with his entry into the US sale rings in the late 1970s

Mr James Wigan, of London Thoroughbred Services, who is one of the best interpreters of a complex industry for outsiders, is confident about two developments. The decision by the Maktoums to launch a new racing paper, the *Racing Post*, should provide greater choice for punters now that the *Sporting Life* is widely held to be showing signs of monopoly wear and tear.

More important, the advent of television broadcasting from racecourses into betting shops might transform these establishments from dreary temples to Anglo-Saxon guilt into places which might encourage people to put their money into a visit to the racecourse — and hence into prize money.

The optimism is remarkable too, in that prices at the top of the market are actually tailing off. The chart shows average prices at the prime Newmarket auction, the Tattersalls Highflyer Sales, in October. The recent sales at Keeneland, in Kentucky, showed particular weakness in prices for nominations—that is, rights to send a mare to a stallion, and thus the bloodstock equivalent of a futures market. Meanwhile, prices for stud farms anywhere but Newmarket have come off the top.

There are all sorts of theories to explain the flattening of values, including the effect of lower oil prices on the income of the Maktoums or those racing members of the Saudi royal family, such as Prince Khaled ibn Abdullah, owner of Rainbow Quest. The main reason is a little more complicated.

The inflation of bloodstock values in the late 1970s was due partly to the entry into the US sale ring of Mr Robert Sangster, heir to the Littlewoods pools fortune, who, with his friends, bid up the price of certain North American bloodlines—most notably the progeny of Northern Dancer—and were rewarded with spectacular success at Epsom and Longchamp.

The entry of the Maktoums, at the beginning of the 1980s, merely kept the pot boiling. A veteran of the Kentucky bluegrass country, Mr Brownell Combs II, of Spendthrift Farm, Lexington, puts it quite crisply: "In the American market, the Arab buyers were bidding against Sangster's group. That's tailing off now."

It is quite simply that Mr Sangster's group, with their Coolmore stud and interests all over the world, and the Maktoums, with some 500 horses in training last year and seven stud farms in the UK and Ireland, have reached saturation. "We won't be seeing the absurd levels of the past with those $13-15m yearlings," Mr Combs says.

"Both Sangster and the Maktoums are bedevilled by the old problem of big owner-breeders: overproduction," says a leading racing journalist.

Mr Sangster, who takes a truly international view of racing, regularly sheds excess production into Australia. Mr Robert Acton, of the Maktoums' Dalham Hall Stud, says: "Sheikh Mohammed put 125 yearlings into training last year. This year we have 40 homebreds, so we are theoretically still in the market for 80 or so. But then, of course, we will be buying 40 fewer yearlings."

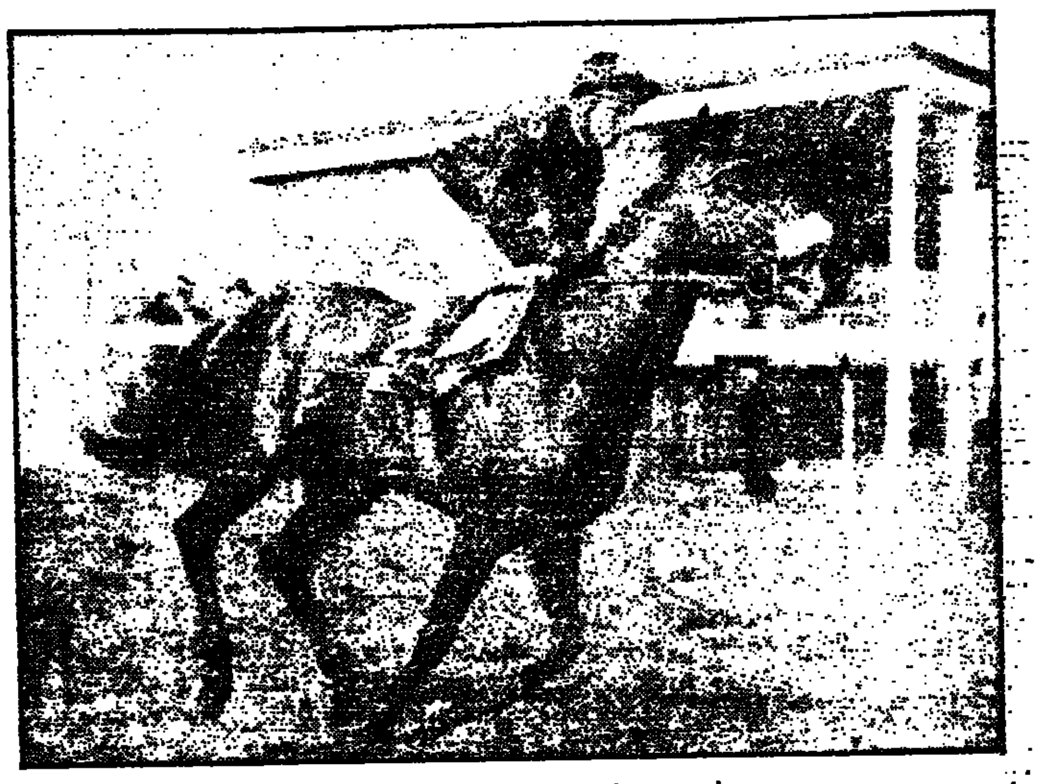
Everybody accepts that both groups will stay in the market for really outstanding individuals, if only to provide what is known as an outcross: the new blood to prevent a stud farm becoming too inbred. But they will have to sell.

It is not at all clear how attractive the Maktoum's cast-offs will be to British commercial breeders. But, even though nomination fees are falling, the really fashionable stallions—such as Kris, whose son Slip Anchor won the Derby last year for Lord Howard de Walden—cost a six figure sum to visit, which is quite beyond most owners of mares in the UK.

What is most encouraging for the smaller breeder is the general resilience of values below what is termed "the froth." Both Mr Combs and Mr Sam Shepherd, executive secretary of the Thoroughbred Breeders Association in Newmarket, suggest that average prices are distorted by a single valuable animal. "What we are seeing," Mr Combs says, "is the median price coming up."

This is despite the tax reform Bill before Congress that will spread the depreciation allowance over a longer period, thus cutting back the tax shelter. "Your Maryland dentist is not going to enjoy his racing so much if he has to pay for it." Mr Coombs says.

James Buchan



Mill Reef in one of his winning streaks

The National Stud

An uncertain future

ON FEBRUARY 2, this year Mill Reef died at Newmarket, aged 18. He was one of the greatest racehorses of our era, winning the 1971 Derby and Prix de l'Arc de Triomphe, and was an even greater sire of racehorses.

His offspring have won nearly 400 races, including the Derby twice more, thanks to Shirley Heights and Slip Anchor, and £4m in prize money. His influence on English breeding has been almost unequalled.

When the lovely little bay horse was put down, the National Stud was buried in hate mail. Among the kinder letters and press comments was the suggestion that the stud had disposed of the old campaigner merely because he was too old to go on covering mares. It was, as they say in Newmarket, very unfortunate.

It was unfortunate for another reason: one of the old horse's last progeny might yet win the 1989 Derby but by then the National Stud, with its 512 best Newmarket acres, its stock and staff and nearly £5m in cash balances, might have ceased to exist.

The stud, which was established in Ireland in 1916 and only moved to Newmarket as a stallion stud in 1964, paid Mr Paul Mellon £100,000 a share for eight shares in Mill Reef. Last year, the stud was charging breeders £100,000 each just to send one mare to him for a pre-tax income of nearly £1m a year.

A similar stallion, a Kris or a Shirley Heights, would be capitalised at over £30m. "He can't be replaced in real terms," the stud says ruefully. "A Derby winner might be bought, but be nowhere as influential as a sire." There is a danger the stud will have to close.

One solution, studied by a committee of inquiry under Sir John Sparrow which reported last November, was to raise capital in the City—in effect, to privatise the thing. The committee and the bulk of Newmarket opinion is against the idea, not least because it is hard to know what to privatise. The cash would presumably revert to the Government—which owns the stud though it is operated by the Betting Levy Board; and the land, which is on a 999-year lease from the Jockey Club at £1 a year, would presumably be lost. Meanwhile, "horses break a leg or develop colic," as one official put it. "It cannot be a very good investment from a shareholders' point of view."

The committee proposed instead that the stud should be developed on the lines of the Irish and French equivalent: to be a centre of research and stud training; and be more accessible to the public, to which it belongs. Above all, it must be accessible to comercial breeders.

The report proposes standing two top-class stallions, which may have to be bought before they are established. Rousillon, last year's champion miler, is standing at the stud at a fee of £25,000, but the bulk of the stock will be "commercial" stallions—in other words, what the run of British breeders, other than the Maktoums, Lord Howard or the Queen can actually afford.

What is not popular with some private breeders and bloodstock agents is that the stud should intervene to prevent the export of an established stallion, by taking blocking stakes. Nor does it make much commercial sense to stand a National Hunt stallion, a stayer on the flat who might command a £500 fee, on the most expensive farmland in England. But, as one Newmarket breeder put it: "The report had to be all things to all people."

James Buchan

Terry Kirk

Sales are held regularly at Park Paddocks, Newmarket

The Maktoum Family

A winning streak

SHEIKH MOHAMMED bin Rashid al Maktoum evidently likes England. His office in the Gulf emirate of Dubai looks like a gentleman's library in an English country house. Large windows overlook a wide expanse of lawn, remarkable for a desert country, and book-lined walls complement the traditional furniture.

As the third son of the ruler of Dubai, he was educated as a boy in Cambridge and has based his racing interests at Newmarket. He says he feels more at home there, than in the US or continental Europe.

Last year was the best year ever for the Maktoum family on the racecourse, and especially for Sheikh Mohammed. He was leading owner in Britain, with £1.1m in winnings: one filly, Pebbles, won $1m alone in taking the Breeders Cup at Aqueduct in the US, and Oh So Shary was the first filly to take the British Triple Crown since the 1960s.

His brothers did only slightly less well: Sheikh Hamdan was fourth with £27,000 and Sheikh Maktoum, the eldest brother, sixth with £245,000. But, as the senior of the four brothers, it was Sheikh Maktoum who was first to be elected honorary member of the Jockey Club, the ruling body of British racing.

A small wiry man with a great deal of mental and physical energy, Sheikh Mohammed mixes a tradition Bedouin love of falconry, camel- and horse-racing with an interest in business and politics. He is Defence Minister of the United Arab Emirates, of which Dubai is the second most important; and Dubai's oil is marketed from his office, sometimes personally by Sheikh Mohammed.

The usual English suspicion of outsiders has vanished in recognition of the Makhoum's immense benefaction to English bloodlines and racing. They quite simply want to win races and breed winners; as good Muslims, they do not gamble—or only in one sense. Sheikh Maktoum paid $3m for Shareef Dancer, which cost... his 1983 Irish Derby is worth $40m. Snaafi Dancer, which cost $10m as a yearling, was not raced at all for fear that failure to win would destroy its value.

Sheikh Mohammed: Britain's leading racehorse owner

They are generous in other ways. Sheikh Maktoum, who will succeed the elderly Sheikh Rashid as ruler of Dubai, telephoned his brother during Bob Geldof's Live Aid concert last summer, suggesting a contribution. The brothers watched their £1m donation announced live on satellite television.

Sheikh Hamdan, the unassuming second son, is in charge of all municipal contracts in Dubai, controlling strings. The youngest brother, Sheikh Ahmed, is fairly new to English racing but had his moment of glory at last year's Champion Stakes.

It was a family affair. The Maktoums endowed the race. Pebbles won it with the most spectacular burst of speed seen in Europe all year. Sheikh Maktoum presented the prize and Sheikh Ahmed received it on Sheikh Mohammed's behalf. With at least two of Sheikh Mohammed's horses well-fancied for this year's classic races, the same sort of thing could happen again.

Maggie Ford

Soviet boss's dilemma—which way to go?

GORBACHEV
by Zhores Medvedev. Blackwell, £15.00. 272 pages
GORBACHEV: THE PATH TO POWER
by Christian Schmidt-Häuer. by I. B. Tauris, £12.95. 218 pages
SOVETICUS: AMERICAN PERCEPTIONS AND SOVIET REALITIES
by Stephen F. Cohen. Norton, £10.95, 160 pages

NOW THAT Mikhail Gorbachev has got his hands on the main levers of Kremlin power, in which direction is he going to try to pull them? This is the big question confronting us all. Not surprisingly, these first two attempts at full biographies of the new Soviet leader are less confident about predicting his future course than in tracing his rise to power. But the verdict of Zhores Medvedev that Gorbachev is "neither a liberal nor a bold reformer" seems borne out by events since he completed the book.

At last month's communist party congress, he trimmed. He talked of "radical reform" (citing Lenin), but so far it is only in agriculture that we see Gorbachev introducing his own changes as distinct from continuing the reforms begun by Andropov. He excoriated the stick-in-the-mud ways of Soviet bureaucracy, but dodged the only sure institutional remedy of limiting the tenure of party officials (like himself). There has been only minor adjustments of party rules that generally make the party, rather than the state, the prior judge of its members.

None of this trimming would surprise Mr Medvedev, an exiled (since 1973) Russian scientist and writer whose grasp of current day Soviet politics must owe something to his brother Roy, the historian, still in Moscow. Nor would it surprise Mr Schmidt-Häuer, once Die Zeit's correspondent in the Soviet capital. The latter believes that Gorbachev is a "courageous experimenter" with radical intentions, but knows his Soviet Union well enough to envisage these intentions being possibly blunted by "such a huge and inert society."

For a reader of these two biographies, Mr Stephen Cohen provides a useful caveat in his collection of slender but wise commentaries on Soviet affairs. A key theme of this is the recent diffusion of Soviet power, in "a kind of law of diminishing general secretaries" or "an erosion of top executive power perhaps unique among large nations."

Clearly, Gorbachev stands head and shoulders in political stature above his immediate predecessor, the hapless Chernenko. But Mr Cohen warns that "even if Gorbachev does turn out to be a reform-minded leader, he will not automatically have the power to carry out meaningful economic changes against conservative opposition throughout the system."

This still holds true, even after the latest reshuffle at the party congress. Indeed the congress indicated that on certain aspects of reform the conservative opposition may be led by none other than Mr Yegor Ligachev, the Politburo number two. He rebuked Pravda for publishing an attack on party privileges, clearly inspired by Gorbachev, and he has also made a point of stressing that reform has nothing to do with weakening or diluting sacrosanct central planning.

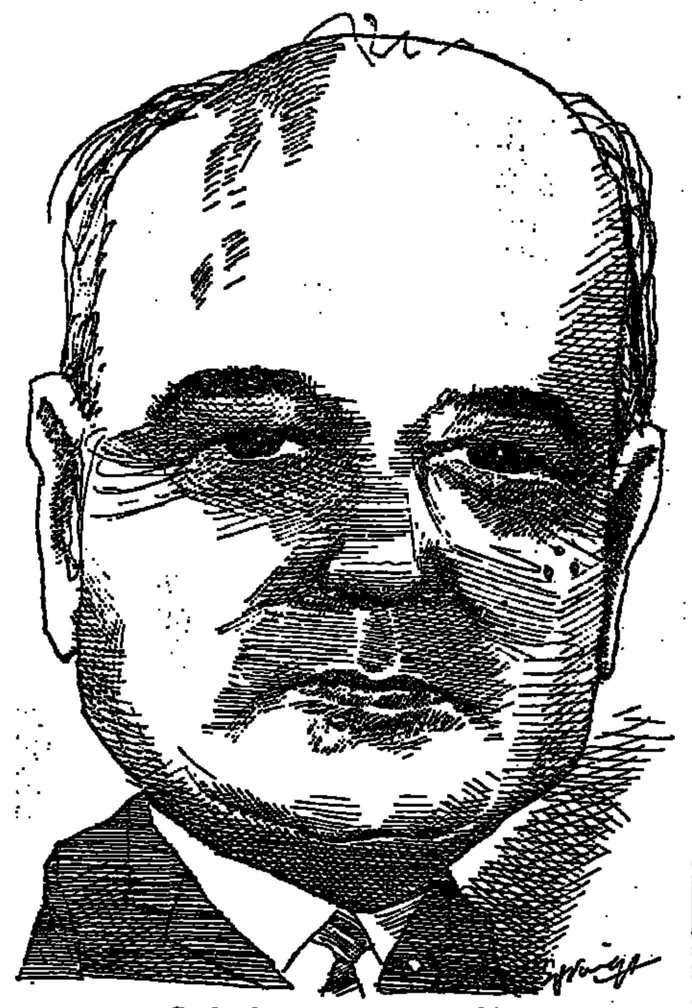
But both Gorbachev biographers show that the new Soviet leader is very much a product of the system. He is not a rebel in the sense that Khrushchev was against Stalin, or Deng Tsaio Peng against Mao. Indeed Mr Medvedev unearths a telling 1978 speech in which Gorbachev, too, joins in the spaniel-like fawning on Brezhnev for the latter's "truly party spirited" and "deep philosophical" ghosted war memories. Hardly surprising, then, that Gorbachev did not care to denounce Brezhnev by name in some Khrushchev-like "secret speech" at the congress, even if the Ligachevs of his party would have let him.

Neither biography answers the many small personal questions we have about Gorbachev. No one in Moscow seems to know how or even where the Gorbachev family live (the "how" we never learn about Soviet politicians and the "where" only after they die—Brezhnev and Andropov now have commemorative statuettes outside their apartment block a few hundred yards from the Financial Times office on Kutuzovski Prospect).

The apparent unwillingness of the Soviet authorities to allow Western reporters down to Stavropol, Gorbachev's political base until he went to Moscow in 1978, has not helped to enlarge our knowledge of his background. We gather now he has a mother still alive in his native village of Prvolnoye whom he visits every year on his March 2 birthday (except this year when he had the party congress to preside over).

This new titbit comes from Mr Schmidt-Häuer. Yet, given an area where informed interpretation must fill out the wide gaps between hard facts, it is Mr Medvedev who scores higher. Like his biographical subject, Mr Medvedev happens to be both a southern Russian and a trained agronomist, and he uses this accident of history to good effect.

David Buchan



Gorbachev — two biographies

Spouses who suffered married to genius

WIVES OF FAME: MARY LIVINGSTONE, JENNY MARX, EMMA DARWIN
by Edna Healey, Sidgwick & Jackson; £12.95; 210 pages

DEATH, SICKNESS and Poverty . . . Were it not for the undeniable prosperity of the Darwins, this would seem an appropriate subtitle for this triple biography of the wives behind famous Victorian (pace Karl Marx) husbands. The catalogue of misfortunes, particularly in the case of Jenny Marx becomes almost stunning, "worse was to follow" and to follow and to follow. Even the epilogue which summarises the lives of surviving children becomes (again with the exception of the Darwins) a list of tragic and early deaths. Yet Edna Healey is not writing in the spirit of mourning. On the contrary this is a celebration of three loving marriages, in which through all vicissitudes the wife remained devoted to her husband and the husband (give or take an unacknowledged bastard in the case of Marx) utterly relied on the wife.

By far the most dramatic and fascinating story is that of Jenny Marx who moved from being the spoilt beauty of an aristocratic German family to being the poverty-stricken wife of a revolutionary exiled to Soho. She literally had to beg for the money to pay for a coffin in which to bury her child. She bore six children of whom three grew up — two, including the famous Tussy, committed suicide later and one died of cancer.

During the worst time of poverty, only handouts from Engels who was working for his father's firm in Manchester, saved the family from starvation. All of them were ill, Marx suffering worse than anyone, causing him to remark without humour as he struggled to write Das Kapital. "The bourgeoisie will have cause to remember my carbuncles." After Jenny's death of cancer he noted, the only effective cure for sorrows of the spirit is bodily pain. Edna Healey takes trouble to paint more cheerful pictures of jolly picnics on Hampstead Heath with other émigrés. But Jenny's low opinion of the British intellectual cut her off from any real possibility of consoling human companionship.

Mary Livingstone's trials were at first those she might be expected to bear most easily. Daughter of the famous missionary Dr Moffat, she was bred to an Africa of hard work, high principles and continual physical discomfort. As she scribbled on the bottom of one of Livingstone's letters to his Scottish sisters during the relatively halcyon early days of her marriage, "Missionaries' wives have not time to knit stockings, they are domestic drudges." In her case the drudgery took place either in an isolated stone mission house where lions and drought were equally feared or with her husband on the edge of the Kalahari Desert or in some fever infected swamp by the Zambesi river.

Babies born under these circumstances had a tough road to survival and even their mother had frequent recourse to the doctor's remedies, known as "rousers."

However worse than desert or lion was banishment to England. Losing her nerve after one particularly horrendous journey to the interior which her children barely survived, Mary decided to return home—except that she had no home in Britain, nor money either. Those few years of separation from her husband in a cold and unwelcoming England so scarred her that, several children later, when another big expedition loomed, she left the children behind and set off to follow her husband. Thus while Livingstone's body lies in Westminster Abbey, faithful Mary's lies on the banks of the Shupanga river or as her husband put it, "poor Mary lies on Shupanga brae and beeks forenent the sun."

After the tragic passions of Marx and the restless spirit of Livingstone, the Darwin story, denuded of the excitements of The Beagle, seems something of an anti-climax. Mary Darwin, married at 30, mother of ten children, three of whom died, lover of music and loyal support to her brilliant husband, is hardly the stuff of heroines. She created a beautiful garden at their country home, Down House; she was commendably generous to visitors; but then she had upwards of 20 servants and a veritable legion of interested relations. Possibly it is hard to catch Edna Healey's sense of a great love affair when the male partner defines a wife as "an object to be beloved and played with—better than a dog anyhow." Furthermore, having decided to embark on the difficult search for the appropriate wife, Darwin cheered himself with the thought, "Never mind, trust to chance, keep a sharp look-out, there is many a happy slave."

Rachel Billington

Mary Livingstone: missionary's daughter

Across the wild waste of Canada

COMPANY OF ADVENTURERS: THE STORY OF THE HUDSON'S BAY COMPANY Volume I
by Peter C. Newman. Viking. £14.95. 413 pages

I CANNOT conceal my enthusiasm for the story of the Hudson's Bay Company; here it is very well told, or the first half of it, in this Canadian book. The author claims to be a journalist rather than a historian; his book is all the more lively for that.

I love a book from which one learns — and from this one learns a lot. Did you know the origin of the phrase, "mad as a hatter"? I didn't: nor the extraordinary habits of the beaver, upon whose pelts the Hudson's Bay Company, or rather empire, was based.

We learn that its territory covered one-twelfth of the world's surface; the domain of its operations stretched from London across Canada to San Francisco and on to Hawaii. Its founders built not only the largest commercial enterprise in our time, our oldest continuous capitalist organisation, but contributed most largely to the making of the new nation.

The author insists on an element in the Canadian mentality, what he calls its "quintessential Northernness." He has a good phrase in "North America's attic"; his book helps to explain what we might call the horizontality of Canada on the map. By ultimately pushing westwards the Company "prevented American farmers and mountain men from pushing north, and stretched its own version of the Canadian nation to the Pacific." He quotes a fur-trade authority, who may be only a little over-enthusiastic: "if Canada had *not* been coast to coast, the little settlements on the St Lawrence Valley would have been absorbed by the Americans long ago."

We learn with surprise that Hudson's Bay takes nearly one-half of the water resources of eastern Canada, compared with 10 per cent for the St Lawrence. Owing to the lakes and waterways, most of this vast territory was traversible by canoe, with short portages, up to the Rockies.

The early period was dominated by rivalry with the French, and several times the Company's base, York factory, was captured and held by them. But ultimately the Company's pacific persistence in adhering to the profit-motive was more effective than military superiority. Britain's was a commercial empire, one must never forget not a militarist one.

There was a marked difference between trading relations of the Company's servants with the Indians and the exterminating habits of American settlers—democratic individuals to a man—moving West. And even, the author tells us, between predatory French ways with Indian women and the more decent behaviour of conforming with Indian customs in the matter.

The great majority of the Company's men were Scots, especially from Orkney, as was the heroic doctor, John Rae, who made a marvellous overland trip to the shore of the Arctic Ocean, mapping and solving some of its geographical problems. In Britain we are more familiar with the sea voyages to find the North-West Passage: not so familiar with the stories of these fellows who endured the appalling winters of Hudson's Bay and, nothing daunted, pushed even further North and West.

This story of service and endurance, unspoken heroism, restores respect for the human species, when we need some uplift these days.

A. L. Rowse

Bartering guns for pelt—a drawing by C. W. Jefferys reproduced in Company of Adventurers

Fiction

Wharton's Way

PRIDE
by William Wharton. Jonathan Cape, £9.95. 288 pages

THERE IS a touch of the bizarre in William Wharton's novels. "I have a penchant," he has said, "for telling stories no one can beileve." His best-seller Birdy (1978), was about someone who believed himself a bird. Although the point of departure for Pride is a "real life" fact (the mauling to death of a lion-tamer in New Jersey, 1938), the book has pretensions to some fairly ambitious themes: social inequality and man's cruelty to animals among them.

The book is made up of two parallel plots: on the one side, Dickie, a plucky 12-year-old from a rough Philadelphia neighbourhod, stumbles upon, and takes into his care a lion cub, feeding it variously on hot dogs and hamburgers until it grows up into a frisky and affectionate lioness named Cannibal. On the other, Sture Modig is a young World War I veteran declared a virtual cripple after mustard gas poisoning at Verdun who bounces back as performing manager of a hair-raising circus act in which he tears around on a motocycle with his 400 lb pet lion ("Tuffy") strapped into the sidecar. (Wharton enthusiasts will recognise the selfsame "Wall of Death" act in Birdy.)

Although these stories are entertaining in themselves, it is not entirely clear what they have to do with one another save that they both feature lions. The plots eventually converge but the book remains two-track.

"Perhaps, in writing this," says Wharton in a somewhat portentous prologue, "I am trying to exorcise my lions in the night, my personal succubi. . ." But despite its surface complications, this disappointing novel is mainly a light and breezy affair. Even so, Pride will move to pity even the most lion-hearted of readers; when he wishes to, Wharton knows how to pull those strings.

Ian Thomson

CRIME

ROBBERS
by Peter Whalley. Macmillan, £8.50. 223 pages

HARRY SOMMERS, Whalley's protagonist, is a happy invention: former small-time malefactor, ex-bouncer, he perforce becomes a private eye, when his private eye employer dies. His first case is dangerous and baffling; his solution is both helped and impeded by his encounter with Jill, a sensible but vulnerable schoolteacher (a dinner with two pseudo-intellectual friends of hers is a high point in the book, which is marked throughout by shafts of wit). A nicely constructed, appealing story.

William Weaver

Decoding a meaning behind the hype

CONSUMING PASSIONS
by Judith Williamson. Marion Boyars. £12.95. 240 pages.

REMEMBER THE Smirnoff advertisement of a girl on water skis drawn along by the Loch Ness monster? One of Judith Williamson's revelations is that Tula, the model in the picture, was actually a man who had undergone a sex change. The point to be made is that the image which industry, modelling, photography and fashion often promotes for females today is male: flat stomach, lean torso and those long, long limbs.

Judith Williamson made her name in 1978 with her first book, Decoding Advertisements. Most of this collection of articles and reviews has been published since then in periodicals. She continues her analysis of our consumer society and asks important questions about the way we are manipulated by images, suggestion and innuendo. Sometimes the book reads as if she is reframing the same problems for different audiences, as in a sense she is, starting from the commissions her editors offered.

But she is original and refreshing when she applies the same decoding approach to feminist issues. Thus she takes some statements by women at Greenham Common and compares them with the script of an advertisement for Shredded Wheat in which a woman explained: "There are two men in my life. To one I am a mother, to the other I am a wife. And I give them both the best." She asks whether this conception of woman as provider of nature and nurture is so different from the stance taken by the Greenham anti-nuclear demonstrators who have identified women as the caring half of the human race, determined to stop the destruction of their families.

Are they subverting feminist ideals and reverting to the values of modern capitalism, accepting a traditional role for women? Is there a danger that old patriarchy is giving way to an equally unbalanced matriarchy? In this sharp book there are welcome warnings against creating new stereotypes.

Sarah Preston

German poet's quest as a Don Juan

A RINGING GLASS: THE LIFE OF RAINER MARIA RILKE
by Donald Prater. Oxford, £25.00. 472 pages

WHEN RILKE died, aged 51, in 1926, he was already recognised as a very great poet. Sixty years later, his biographer can confidently call him "perhaps the greatest lyric genius of our century." So it is splendid and not a moment too soon to have a readable, civilised biography in English — the first since E. M. Butler's in 1941.

Professor Butler had to manage without a great many letters, papers, and unpublished works that have since become available. Still, her outline of Rilke's personality holds good:

> He was civilised to an extent which almost amounted to a taint; and so nearly decadent that only his genius saved him. Supersensitive as he was, over-fastidious, with exquisite manners and delicate tastes, it was small wonder that great ladies cherished him . . .

There are so many ladies that their photographs have had to be grouped four to a page. But not all of them, by any means, are "principesse, baronesse": though his approach was less macho than Don Juan's, Rilke's range was quite as wide, beginning at the bottom with a Paris street waif called Marthe Hennebert. She later married Jean Lurçat, who became famous as a designer of tapestries after world war two.

Rilke's link with Lurçat is quite fortuitous. So is his link with a much greater artist, the painter Balthus. Balthus was 11 when his mother, Baladine Klossowska, became Rilke's mistress, and Rilke was so impressed with the boy's drawings of his cat that he got them published in book form and wrote the preface himself. These chance connections illustrate Rilke's serendipity in making contacts right across the European cultural scene, from Scandinavia to Italy, from Russia to France, and with generations older and younger than his own. He visited Tolstoy, became Rodin's secretary, corresponded with Marina Tsvetayevna and Boris Pasternak (he had made

in Russia), got financial support from Wittgenstein, and knew, more or less intimately, Gide, Valéry, Verhaeren, Gerhart Hauptmann, Hugo von Hofmannsthal, Franz Werfel, the German Prime Minister Walter Rathenau and the poet Ernst Toller who became Chairman of the Bavarian Soviet in 1919. His acquaintance among the inmates of the Almanach de Gotha was just as wide and starry.

His most passionate and formative affair, when he was 22, was with Lou Andreas-Salomé. She was 36, had been the love of Nietzsche's life, and became the pupil and friend of Freud—which fitted her to be Rilke's lifelong spiritual adviser. Among those who followed her were Eleanora Duse, the musician Magda von Hattingberg, and Claire Goll, a writer whose flatmate happened to be Elisabeth Bergner. Rilke married the sculptor Clara Westhoff (they soon separated amicably), but only after her best friend had become engaged. This was Paula Modersohn-Becker, one of Germany's most remarkable painters. When he first saw these two romantic-looking girls, Rilke possibly preferred "the blonde painter" to "the dark sculptress." His last crush of all was the pianist Harriet Cohen whom he met in Lausanne when she was very young and he already fatally ill. She was Rilke's only English connection. But, as Prater tracks down the whole cosmopolitan band of his lovers, friends, and patrons, the European sky before the first world war begins to seem like the ceiling of some salon in which anyone clever, gifted, well-born, or just eager for culture could mill about if they felt like it, getting along in one language or another, since most of them spoke several.

After the war the salon became a ghostly region, materialising as best it could as Rilke's circle tried to draw together once more. They were all tremendous correspondents, not only with Rilke, who wrote letters all day long, but writing about him to one another. They met at international hotels and spas, and in one another's summer houses and ancestral castles. Rilke himself never had a fixed address at all. Perpetually searching for the perfect place to work, where the great inspiration he believed in could descend, he

and from rented flats to cottages or palatial apartments lent by friends and admirers, who would sometimes go so far as to order a special standing desk for him from the local carpenter.

Rilke was not only an idiosyncratic kind of Don Juan, but also a shameless Harold Skimpole. His chief benefactors were the Princess of Thurn and Taxis (in whose castle at Duino he wrote the Elegies) and his publisher Kippenberg. This loyal supporter never said no. He gave the poet generous advances and allowances, topped up by continual loans and gifts, not to speak of subscriptions got up among friends and literary well-wishers. Rilke thought nothing of gently diverting money collected for his daughter's education to his own up-keep, and Prater occasionally marvels slyly at his complacent parasitism not to speak of his patrons' endless generosity.

All the same, he makes it quite clear that Rilke's life was heroic—a heroic struggle, as Maurice Bowra wrote "to wring out of himself every drop of poetry." It was for this that he needed money and shelter and tried out woman after woman in the role of undemanding lover—a lover who would not even wish to be loved in return, but who would support him—spiritually—in his work.

Prater emphasises that he is writing a "life," not a "life and work." But he discusses Rilke's ideas, especially his spontaneous intuition of psychoanalytical and relativity theory, which underlay his idea of what poetry is. Much of Rilke's poetry is about poetry. Prater quotes in various translations—Stephen Mitchell's stand out for empathy and felicity. He also quotes a great deal from Rilke's letters. They reveal, as the poetry only very rarely condescends to do, the droll charm and engaging turn of phrase which helped him to Skimpole so successfully.

Gabriele Annan

DIVERSIONS

Stencils made simpler

Lucia van der Post

HOW TO SPEND IT

AS ONE who was carried away by the first stencilling craze and lulled into thinking it would take just a few happy evenings messing about with stencils and paints to tranform a hitherto plain toy-chest into an object of beauty and originality, I warn anybody likely to be so deceived to take several deep breaths before they embark upon it. Stencilling is not easy, at least to begin with. It takes practice and perseverance and even then it is hard to achieve a professional-looking finish.

However, if you do keep at it you will be able to transform quite everyday objects into surprisingly individual and attractive pieces. When finally you manage to make some rather ordinary plain kitchen chairs look like something from a magazine cover, you will experience the kind of feeling that doubtless overcame Michaelangelo when he finished the Sistine Chapel.

The best, most effective way to learn how to stencil, I would guess, must be to learn from somebody already proficient in the art. Not all of us have such a handy person on tap, so the next best method must be a book that starts with basic information and yet inspires you through the bleak moments.

Jim Boleach has written just such a book. Stencilling with Style (£9.95, published by David and Charles on April 26) holds you by the hand, and with clear, precise prose and large, simple drawings, shows you exactly how to start on this potentially rewarding activity.

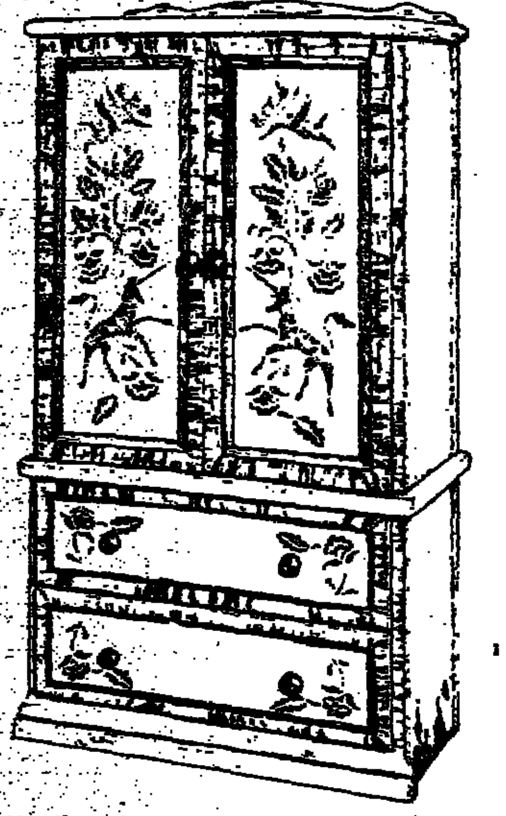
Once he has taken you through the basics (including the tools you will need and how to prepare different surfaces), there are step-by-step instructions through 35 specific projects.

There are small, not too ambitious ideas to start with—how to stencil a jug or pattern socks or canvas shoes. For me, however, the most rewarding part of the book is when he moves onto instructions for breathing new life into potentially dull and uninteresting pieces of furniture. Attics full of rejects could, by these methods, be saved from the junk heap and it could scarcely be cheaper—all you need are a few simple tools, the stencils (and those you can make if every penny counts) and the paints.

In the drawing, taken from the book, he shows how an ordinary, unpainted cabinet of the kind found in home centres and mail-order catalogues can be transformed into an object of considerable decorative interest. Most of the piece was painted in darkish shades, while the drawer fronts and cupboard panels were enlivened with stencils.

If, after this, the eager reader gets carried away, he can move onto stencilling borders in rooms, enlivening fireplaces and making all manner of personal presents for Christmas.

Anybody with time and enthusiasm to spare will find this book both useful and inspirational.



James Ferguson

TWO very different undercover stories—one, soft and langorous, the other crisp and fresh as the morning. Left is Marks and Spencer's latest contribution to underwear that is more than strictly practical. Long famous as the store where Duchesses bought their knickers, it has at last started to provide the sort of underwear we all thought Duchesses wore. Part of a range it describes as "Designer Collection underwear," it is made in a very "silky" feeling polyester, in cream (much the nicest in my view), black or fuchsia. All of it is in soft, flowing mood, featuring little vests with fine tucking (which could happily double as camisoles under shirts or jackets) and lots of loosely-cut French knickers. Photographed here is a "Teddy," an all-in-one garment presumably so-called after the famous all-in-one garment which was so prominent a part of the Edwardian lady's underpinnings. The range is exceedingly well-priced—the Teddy shown here is just £11.99—and it can be bought now in major stores.

Photographed is underwear in very different mood. This could easily double as outerwear, the vest as T-shirt, the bottoms as shorts. All very fresh, bright and crisp, the cotton jersey tank top is just £2.99, the matching cotton shorts, £3.99. Find them in House of Fraser stores.

Lvd P

An offer you can snap up

IF YOUR summer holiday photographs are never quite what you hoped, simply because you and your camera never got to be great friends, now is your chance to make up for lost time. The Camera Club in London runs special day courses for beginners (or unskilled amateurs) in which people come along with their own cameras and are shown exactly how to use and get the best from them; how to develop and print; and what other equipment can be added to improve photographic skills. The courses are held about once a month (coming up on April 20, May 18, June 15, July 20, August 17 and September 21) and cost £20 for the day. This includes film, chemicals and paper as well as coffee, tea and lunch and a full set of notes. The Camera Club is above the Photographer's Gallery at 8 Great Newport Street, London WC2. (01-240 1137).

Lvd P

Jason Crisp looks at the pros and cons of contact lenses

Gaze through a glass clearly

FASHIONABLE Italians and Israelis are rushing to buy tinted contact lenses which are supposed to turn their brown eyes into piercing blue ones like Paul Newman's. Yet in spite of the growing popularity of lenses, many people, particularly men, shudder at the thought of putting something into their eyes.

Nonetheless, vanity and convenience — particularly for sport—provide a good motivation to try, and more than 1m Britons wear them. In recent years contact lenses have become cheaper, easier to fit and wear, and simpler to maintain. Opticians, facing outside competition and no growth in the spectacle market, are rather keener to promote contact lenses on which they still have their monopoly.

The biggest single reason for buying contact lenses is vanity—and most people do look better without glasses—but they have other advantages. Contact lenses do not mist up, do not fall off, and do not get covered in rain. They can be invaluable in certain jobs and in almost all sports and outdoor activities.

However, the disadvantages, other than getting used to them, may not be immediately obvious and they do not suit everyone. They are rather more trouble to look after than the spectacle wearer might expect and the cost of maintenance is also surprisingly high as they need careful cleaning with expensive fluids.

Generally speaking, they are most useful for short sight where there are not too many other complications. Once people are in their 40s they may still need reading glasses—bofocal contact lenses do exist but no one seems to think they are very good yet.

Another aspect which may not be apparent to someone coming to contact lenses for the first time is the slightly hit-or-miss approach to fitting the lenses and the cleaning methods. But it is unnatural to place a foreign body in the eye and each person reacts differently. A few people are too sensitive for even soft lenses. Others, as one optician put it, "would not notice if you put a brick in their eye."

Leonardo da Vinci was the first to describe the possibility of using contact lenses, and in 1876 a German made the first ones from glass which covered the entire eye. There are now three basic types of contact lenses for everyday use and the main differences are described in the table. Curiously, the conventional small hard lens was discovered in the Second World War, when it was discovered that fighter pilots had few adverse reactions when small pieces of shattered perspex got into their eyes.

These small hard lenses, widely used for many years, are now bought mainly by those who have had them for years. Most people buy soft lenses. They are rather fragile and need a lot of care but are very easy to wear. These have a high water content ranging from 33 per cent to 70 per cent. A higher water content makes the lens more comfortable — and unsurprisingly, much more fragile.

The second most popular type is the gas permeable hard lens. This is more comfortable than the old hard lens because it allows oxygen to pass through it. (The eye is the only part of the body which needs oxygen directly from the air. The more oxygen that gets to the cornea the longer it is possible to wear a contact lens.)

Buying contact lenses for the first time can be a daunting task as it is much more complex than purchasing specs and, to a large extent, you are in the hands of the optician. The choice of lens and cleaning methods is a combination of compromises and trial and error.

According to Martin Clark, practice manager at First Sight's Regent Street branch in London, about 10 per cent of customers seeking lenses have to be rejected. Reasons range from the patient's optical problems and requirements to their personal hygiene.

Everyone involved with contact lenses stresses the need to follow the cleaning instructions carefully—otherwise the eye can become infected. Opticians dislike selling to people likely to cause themselves problems by not looking after lenses. Soft lenses, which one optician described as the "ideal culture medium" for bacteria, need particular care and there is considerable reservation about "extended wear" soft lenses which can be kept in the eye for weeks; a strong body of opinion is opposed to these other than for special cases because the risks are greater and little is known about the long-term effects.

The cleaning process can be a bore, involving two or three different solutions. Some may disagree with the user and some can turn the lenses strange colours. One quite popular way is to heat the lenses in a tiny automatic boiler (around £24), a method recommended by Dollond and Aitchison, the largest chain of opticians in the UK. Mr David Vince, chairman of its Hamblin contact lens subsidiary, says: "It's a lot simpler than chemicals, cheaper to run, and harder to make mistakes." However, a boiler will shorten the life of soft lenses with a high water content. New, simpler systems are appearing like 10:10 which involve leaving the lenses in two solutions for 10 minutes each.

Obviously, it is best to go to an optician who specialises in contact lenses and carries a reasonably large stock. Prices have come down quite sharply because the lenses are cheaper and, more important, can be fitted more quickly than glasses. But eyes are so important that it is not worth choosing an optician solely on the basis of price.

As for that other hurdle—having to touch and put something in the eye—once the initial squeamishness is overcome, it is only a matter of getting the technique right to do it quickly. Women make less of a fuss because they are used to applying eye make-up.

ADVANTAGES

Hard (perspex): good optically, long life and low maintenance costs.

Hard (gas permeable): similar to perspex but are easier to get used to initially and can be worn for longer periods.

Soft: very easy at the beginning and can be worn all day. Can be used for occasional wear. Most suitable for sport.

DISADVANTAGES

Hard (perspex): Difficult to get used to. Wide variation in length individuals can wear them. Can give temporarily blurred vision after long use. Can "pop" out of eye. Acutely painful if another foreign body like grit gets in the eye.

Hard (gas permeable): more expensive and slightly shorter life than perspex but otherwise fairly similar.

Soft: more troublesome and expensive maintenance. Short life, and also vulnerable to tears and splits. Less suited to some prescriptions such as bad astigmatism.

BROAD GUIDE TO THE MAIN TYPES OF DAILY-WEAR CONTACT LENSES

	Hard (perspex)	Hard (gas permeable)	Soft
Price*	From £60	From £75	From £65
Acclimatisation	4-6 weeks	3-4 weeks	1-2 weeks
Daily wearing time	6-16 hours	12-18 hours	14-18 hours
Optical quality	Very good	Very good	Variable
Life	5+ years	4-5 years	12-18 months
Maintenance	£30+ a year	£30+ a year	£50-70 a year
Insurance	Low	Medium	High

* Good opticians include the cost of the lenses, the initial consultation, training in placing and removing lenses, a starter kit of cleaning solutions, and several re-examinations over typically three or six months.

The best of Bordeaux, 1985

IN SEVERAL ways the 1985 claret vintage in Bordeaux was the most surprising for a great many years. After the terrible winter, a fair but damp spring and a wet though normal vine flowering in June, July was very hot. But a good deal of August lacked the torrid weather that may augur a very fine vintage. Yet it was unusually dry, and it was this drought that lasted until the end of October, combined with an exceptionally hot September that created the conditions for a splendid harvest—for those growers able to cope with it.

For although the vintage officially began in the last week of September, those who picked early did not secure the ripeness of the grapes of others (mostly the more important châteaux) who had the courage to wait, particularly for the Cabernet-Sauvignon, until the second week of October. Also, the heat resulted in temperature-control problems for which many of the smaller châteaux were ill-equipped.

If the red wine vintage produced an unexpected finale, the total of Appellation Contrôlée wine fooled all the forecasters, even that usually very accurate trade body, the Conseil Interprofessionel. For it turned out to be Bordeaux's biggest red ever AC vintage: 3.95m hl compared with 1982's then-record of 3.5m hl, and 2m hl more than 1984.

The white wine vintage of 0.99m hl was 10 per cent higher than in 1984, but maintained the relatively low level of previous years, and in quality was variable. Owing to the hot weather many of the dry wines lack acidity and are flabby, so that the 1984s are often better. For the sweet wines the drought meant a lack of botrytis (noble rot) for all except those Sauternes that picked very late. Yquem did not finish until December.

The red wines are, of course, much more interesting: indeed fascinating, as I found last week when at the châteaux and in merchants' offices I tasted about 200, including many classed growths. The lesser wines, sampled in merchants' tasting rooms, obviously were not exactly typical of the vintage, for they were those that had been picked out from a much greater number, which themselves had been the selection by the brokers in Bordeaux and others scattered through the Gironde.

For to visit even a tithe of the several thousand properties is quite impossible for any one firm, let alone such visiting foreign merchants as those who buy for their retail customers in the UK and elsewhere.

Careful selection is the essential factor in choosing the 1985 clarets: much more so than for the 1982s. To take a distinguished example, Petrus, whose grand vin averages 40 tonneaux (4,000 dozen bottles), and which made 42 tonneaux in 1982, produced only 33 last year; and a much-esteemed second-growth Médoc discarded one whole vat. It is to be hoped, therefore, that your experienced British wine merchant has bought well.

What is common throughout the vintage is the excellent, deep colour, as deep as were the 1982s. The bouquet is also attractive but not so "welcoming" as the young 1982s, with which comparisons are being made (not to mention 1929, 1947 and 1961). As one goes up the Bordeaux social scale the richness and appeal of the aroma increase, to reach a peak in the first and other classed growths.

Generally the wines have a good deal of tannin, but less than the 1983s at the same period. After the disastrous failure of the Merlot in 1984, it recovered rapidly, and 1985 is certainly a Merlot year—which means particularly favourable in St Emilion and Pomerol.

A general view in Bordeaux is that 1985 is a better vintage than 1983 but less good, less "fat" than 1982. Comparisons at this stage in their development were made to me with 1971 and 1975, although these can be no more than guesses, especially as many of the wines had only recently undergone the assemblage, when the final blend of the different grape varieties and vats is made for the grand vin. This varied widely.

Latour had made theirs in November, but Ch Margaux had yet to do so last week.

The first-growths are obviously always the wines that everyone wants to taste. It cannot be said that they always turn out the best, and at present price and speculative levels, not too many of us are likely to cellar them for drinking years ahead. But they set the tone, and I was privileged to taste five of them at the château. Privileged because their proprietors are averse to showing them even to the brokers and merchants before they make an offer at their opening prices.

For those who do not taste young clarets professionally, week after week, even day after day, this is a difficult exercise, but there is no doubt that the 1985 first-growths are very fine. To me the most elegant, fine, and typically Graves, was Haut-Brion, with very good colour but not as deep as some others. The Pétrus was very deep-coloured, with the bouquet still very closed, and a long, rich but decidely tannic flavour. Both the Merlots and the Sauvignon Cabernets (and I was given five different ones to taste unblended from the Margaux) had a big colour, lovely aromas and seemed rich for a Margaux, usually noted for its elegance, but this is surely a plus point.

The Latour was almost black in colour, with a rich bouquet that reminded me strongly of cloves, and a strong rich taste: classic Latour. The Mouton-Rothschild, little if any less deep in colour, was more open with a seductive nose that came out of the glass and an almost voluptuous flavour for so young a wine.

As usual, the market awaits with trepidation their opening prices that have not moved for three years at FFr 170 a bottle (Latour FFr 180 for 1984). Estimates vary between FFr 200 and 230 and it is to be hoped that it will be the lower figure, as there is no lack of wine to sell, and in the long run it must be drunk and not just bought for investment and speculation. (There is also a view in Bordeaux that owing to high merchants' mark-ups 1985 may not be an investment year.)

It is also hoped that the first-growth prices will come out not later than the end of this month, so that they can be included in the unusually early "opening offers" of the 1985s being made by the retail merchant here to their customers. It is reasonable that the "firsts" should await the opening prices of the "seconds," and by last week already they all had come out save Léoville-Las-Cases. But thereafter there is no discernible reason why they should delay, for there is no longer the old "backstaging" going on, when each waited to make sure its peers did not get a higher price. A likely one for the 1985s: £350-£400 a case ex-cellars Bordeaux?

It is impossible to comment here on any range of even the other most-sought-after second- and third-growths, but they all made excellent wines.

The problem for would-be consumers is not the quality but the price, partly because the general upward movement in prices for the moderate 1984s was a big mistake. The result was that many châteaux have large unsold quantities in their cellars and the Bordeaux trade, which felt obliged to buy in order to keep in line for the 1985s, has considerable stocks for which there is little prospect of resale in the near future.

Considerable pressure from inside and outside Bordeaux was put on the proprietors not to increase their 1985 prices, and at a meeting early in February many agreed not to do so. Among those who deserve honourable mention for sticking to the 1984 prices and for releasing a fair quantity on the market are Bruno Prats of Cos d'Estournel and Jean-Eugène Borie of Ducru-Beaucaillou, who sold at one go 80 per cent of his crop. Others sold only the same amount as in the small 1984 vintage, while a number refused a single bottle to those who had not bought their 1984s, or offered them only at a higher price.

Meanwhile, many of the merchants, who after brokerage and transport costs, traditionally add a margin of 10 per cent, have now widened this to 20 per cent or more. For example Ducru-Beaucaillou that opened at FFr 110 a bottle is now being offered on the Bordeaux market at FFr 140 to 160; and even higher figures are being mentioned. Many of the merchants are expecting their customers to finance their stocks of the 1984s.

Unfortunately it appears that many of these are ready to do so, for something like the American-inspired hysteria over the 1982s has gripped the market. But this time it is the Europeans who are responsible, and particularly, it is claimed in Bordeaux, we British. The Americans, deterred to some extent by the fall in the dollar, are buying only moderately, although this may change when the influential authors of their subscription wine letters report.

To sum up, there is no doubt that the 1985s clarets are to be bought, yet with care, but in the present hectic state of the market there might be a tendency for less experienced, less well-placed firms here to outrun their resources with unfortunate consequences for their customers. Published prices should be compared to see the conditions.

Meanwhile, it must be said finally that the best bargains are certainly the more successful 1985 crus bourgeois and petits châteaux whose prices did not rise for the 1984s and have now risen only by about 10 per cent.

Edmund Penning-Rowsell

WEEKEND FT

Destiny's call

John Elliott reports from Lahore on the return of Benazir Bhutto

SITTING in her Barbican flat in London last June, Benazir Bhutto, 32-year-old daughter of the late Pakistan Prime Minister Zulfikar Ali Bhutto, said she planned to return to her home country this March "to take the country by storm or be taken by storm."

In the past two days, almost on schedule, she has exchanged the comforts of that flat (which she found cramped compared with her family's residences in Pakistan) for the rigours of an intensive barn-storming tour of her country, starting here in Lahore.

She spent 10 hours on Thursday atop a large lorry painted in her Pakistan People Party colours red, green and black, being welcomed by excited but peaceful crowds of several hundred thousand people.

Yesterday, at a two-hour press conference, she delivered the most outspoken and significant challenge to President Zia Ul Haq since he took over the country in a military coup in 1977.

She called for immediate elections on a party basis and said it would be best if President Zia allowed "peaceful and graceful change" by leaving the country, so avoiding a treason trial which could end in him receiving a death sentence.

Miss Bhutto has successfully resurrected the legend of her executed father as a protector of the poor, despite the violent excesses of his regime in the 1970s.

"I would be my father, Mr Bhutto, who would win any election. We would be judged only for what we did in power," she says.

Such dynastic political campaigns are not unusual in the developing countries of South Asia, and family successions to party, if not national, leadership have occurred in Sri Lanka and Bangladesh as well as India.

In each country a woman has taken over after the death of a husband or father, despite the generally under-privileged status of women. Indira Gandhi, Rajiv's mother, succeeded her father, Jawaharlal Nehru and, like Rajiv and Miss Bhutto, had very little prior political experience.

Miss Bhutto was in her late teens and early 20s when her father was in power. She watched him at work. She appears in old photographs alongside him at the signing of the historic Indo-Pakistan 1972 peace agreement in Simla.

Now she combines that experience of an observer with the intellect and confidence of a former president of the Oxford Union and the aristocratic, sometimes arrogant, bearing of a member of Pakistan's feudal landowners.

She is known to be hard and rough with colleagues in her party and with people she works with. Sharp and intelligent, she dislikes seemingly irrelevant disruptions to her train of thought and can be bruisingly curt with well meaning friends who constantly forgive her.

Slim, elegant and alternately wearing or polishing tinted glasses in pink red frames, she looks more at ease debating with journalists and politicians in a drawing room than on the road. But she is learning the arm salutes, victory signs and other winning gestures of her late father, and is clearly Pakistan's more charismatic and potentially significant opposition leader.

She is trading hard on the similarity with the Philippines where a popular revolt ousted President Marcos. But she has many problems to overcome. First, she is opposed by rival but far less competent political leaders who do not want to be eclipsed by her return from exile.

And despite her charisma and intellect, she has no experience of day-to-day politics, and must learn quickly how to handle political intrigue and exert her authority in the crucial northern province of Punjab, where she has won her successes this week, and in the southern province of Sind where her party is seriously split and there are calls to break away from Pakistan. She also has to show that she can keep the tempo of the past couple of days going, continually drawing large crowds and confounding the Government.

Last June she forecast that now would be a good time of year to return because martial law would still be in force, crops would be failing, the balance of payments would be hit by sharp falls in remittances from workers overseas, and the new Assembly would be frustrated. But martial law has been lifted, although the army is still powerful, there has just been a record cotton crop, remittances have recovered, and the Assembly is not yet seriously frustrated.

Why Europe's golfers rule the world and Britain's tennis players lag behind

Paul Hutchings dressed for a wintry Wimbledon

Too few for tennis

THE ODDS against producing another British Wimbledon champion were revealed starkly this week as the British junior hard court championship—supported, ominously, for the 13th year by Prudential Assurance—proceeded in appalling weather at the All England Club.

With temperatures hovering around zero, biting winds sweeping down from the Arctic, and matches interrupted repeatedly by sleet and snow showers, the wonder is that no competitor has died of exposure—especially those pressed into umpiring duty on the first three days.

However, the problems facing aspiring young Britons do not end there. National team manager Paul Hutchings has just begun a survey among the 128 national players in his 16-and-under and 18-and-under age groups. Early returns suggest that many do not have a coach while only a tiny percentage of those who do are watched by them in match play. Very few ever play mid-week tennis between September and March.

It is a theme echoed by the manager of the LTA's national women's team. Says Sue Mappin: "After five years in this job, I remain frustrated by the lack of opportunity to play year-round tennis. I'm also worried about cultural attitudes. British girls are educated to be one of a crowd; elitism is discouraged. They are trained to be ordinary. Some of my girls are afraid to go back to school after having time off for tennis. They are abused by their peers and sometimes even by the staff. They are a great bunch of kids but they have to be something special to survive."

Nevertheless, there are signs that the LTA is at last ready to tackle the problems. The new executive director, Ian Peacock, has a strong team in the area of development. The new national coaching director, Charles Applethwaite, is already producing an improvement in coaching attitudes and bringing in younger blood. The team of regional officers is very busy indeed. Short tennis, the mini-game with a sponge ball for children aged 6-10, has been developed into a really useful national programme by Brian Blincoe, the director of national development.

The lack of co-operation for places in national teams is felt acutely by the players themselves. Danny Sapsford, the 17-year-old from Weybridge who is the top seed this week, has always been at top of his age groups. He was the national under-12 champion, the under-14 hard court champion, the under-16 grass champion, and last January he won the under-18 covered court title. Last September he joined the LTA school, based at Bisham Abbey, where Derek Bone supervises his tennis programmes with coach John Clifton. An intelligent boy with eight O-levels, Sapsford continues his schooling at the Royal Grammar School, High Wycombe. "I think I have had the best opportunities I could have had in Britain," he says. "When I played the under-14 international maches, I was as good as most ofthe Europeans. But from the 16s on, I got hammered. We were always the same four players but their teams changed a lot. The number one in one year would have disappeared the next."

Strength in depth will come only from increasing numbers playing the game. They must have somewhere comfortable to play. In Becker-mad Germany 1.7m people play tennis, which represents 2.77 per cent of the population — and the numbers are growing fast. In France there are 1.32m players, 2.37 per cent ofthe population. By comparison, in Britain only 0.27m play the game, which is 0.48 per cent of the population. And the Britons are packed 1,233 deep on each of the existing 180 covered courts. This compares with 680 players in Germany on 2,500 indoor courts, and just 70 in Sweden on 2,000 courts. This is the answer to Sweden's seemingly endless supply of players.

There has never been any magic about becoming a good player. You simply have to hit millions of balls across the net each year under sound supervision and have the opportunity to compete. The only three British men in recent times whose parents organised that sort of intensity — Stanley Matthews, Stephen Warboys and Buster Mottram — was each outstandingly the best junior of the era.

Until we can give the present generation the same opportunities, as other countries are doing, we shal remain a second-class power.

John Barrett

Golfers storm U.S. citadel

THE LOVELY flowers and shrubs that annually provide such a stunning backdrop for television at Augusta National Golf Club during the US Masters Tournament have momentarily deflected attention from the distressed state of American professional golf.

It is no coincidence that the Sony Corporation's first set of computerised rankings of the 200 best golfers in the world, released with the blessing of the Royal and Ancient Golf Club of St Andrews, gives three Europeans, Berhard Langer of West Germany, Seve Ballesteros of Spain and the 1985 Open Champion Sandy Lyle, as the top three. Tom Watson, who has not won a USPGA Tour Tournament since July, 1984, is the leading American in fourth place.

And it is significant that the sixth and seventh placed golfers are Greg Norman of Australia and Tommy Nakajima, who has become Japan's leading player by virtue of his six victories in his native country in 1985.

The most fancied American player in the Masters Tournament, Andy Bean Norman, occupies 13th place in the Sony rankings, but plainly plays the big-hitting game favoured by the odds makers. He is in excellent form, having won in Miami last month, and having chased Lyle home in Greensboro last week. But in all of my 32 years of observing the sport I never imagined that three Europeans, defending champion Langer, Ballesteros, serving a year's suspension from the USPGA tour play and Lyle, whose victory at Greensboro was his first on American soil in an officially recognised tournament, would be the three shortest-priced golfers in the Masters.

The balance of world golfing power has indeed swung in Europe's favour with the collapse of the American star system. Jack Nicklaus, five times Masters champion, is in such a decline that he is ranked in 33rd place in the Sony table and has now joined Arnold Palmer in the category reserved for revered elder statesmen—respected but no longer feared by the new breed of young lions.

American professional golf is in an era of transition during which the tour is flooded by largely faceless players who are capable of playing to a tremendously high standard, but incapable of capturing the public's imagination because the game has become such a ruthlessly commercial business. It is doubtful if any one player will ever dominate the game again as has Nicklaus in this past quarter of a century.

Ballesteros has all the talent required to do so, but his petty squabbling with the authorities here makes it doubtful if he will ever settle to play his best in the US. Without doing so he can never achieve the stature of a Gary Player.

Ballesteros can now only play in the major championships here, of which there are three, and it is a fair bet that he will start favourite or at least at a very short price in all three. But the amount of pressure that he has put himself under by failing to abide by the rules of the USPGA tour—he failed to compete in the mandatory 15 tournaments in 1985—makes it doubtful whether he can succeed this year.

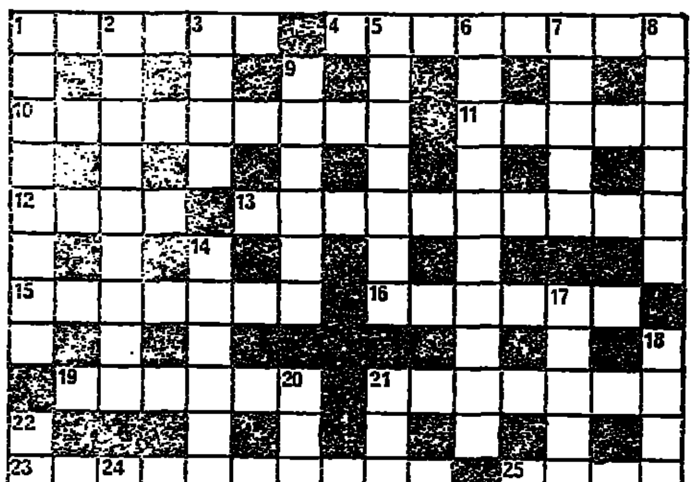
Then there is the troublesome tax problem for all foreign players in the US. Langer may soon have to leave the American tour because the 122 days allowed in the US as a foreigner without being taxed on his world-wide earnings are fast expiring. The position has not been resolved but it seems obvious that the USPGA tour will have to relax its rules for foreigners, and lower the number of mandatory appearances from 15, probably to half that amount.

The season in Europe promises momentous things. A sense of equality has now been reached and a parity between the golfing nation of the world so the Americans will have to put their house in order if they are to once again dominate the sport.

Ben Wright

Ballesteros ... can he reach his best in the US?

F.T. CROSSWORD PUZZLE NO. 5,995



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

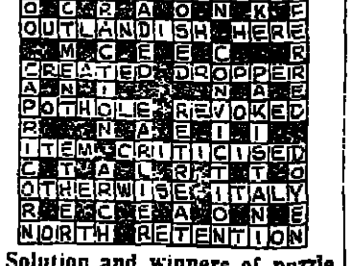
ACROSS

1 This king fared badly, left inside (6)
4 Geoff sat out, unseen from the pit (3-5)
10 Bird to grate on the ear? (9)
11 Long time to follow the muse (5)
12 Roy's drunken cider-drinking companion, we hear (4)
13 Surveyor's flashy equipment produces a bloomer (10)
15 Browning piece that has rounds in it? (7)
16 Give false rendition of Elgar variation, to include bassoon opening (6)
19 "The Hole in the Wall" in rural Coventry (6)
21 Dose of medicine for retiring sentry, with height reduced (7)
23 This boring creature can be spotted in the woods (10)
25 Wine used in toasting constituents? (4)
27 Eat small amounts—it makes sense (5)
28 Banking craft some take up (9)
29 So far, wallop needs other adjustment (8)
30 Burning forest by junction (6)

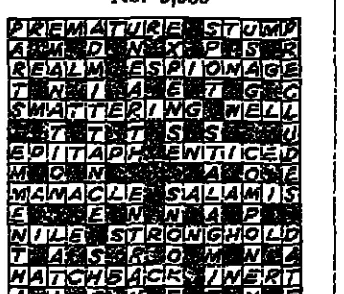
DOWN

1 Junior minister footing bill? Quite correct! (8)
2 Anticipate everyone's support of Dean, say (9)
3 Every single ache moves around (4)
5 Sense and Sensibility (7)
6 Like the loudspeakers when changing Eton trains? (10)
7 Texan mission not entirely fashionable (5)
8 Ran off irregularly with sweetheart (6)
9 Race that is a way of life (6)
14 Mother's pea-soup? Heavens! (10)
17 Member is slow to make laws (9)
18 Harsh keeping pace with some parts of the Bible (8)
20 Delight in French carol (7)
21 Dismal train in outskirts of Dudley (6)
22 Change hairpiece (6)
24 Attack where film is being made (5)
26 Calcite of second standard? (4)

Solution to Puzzle No. 5,994



Solution and winners of puzzle No. 5,989



Mr W. Cleaver, Aylesbury, Bucks.
Mr J. B. Hervey, Gosport, Hampshire.
Mrs R. Morton, South Holmwood, Dorking, Surrey.
Mr P. G. Stephenson, Kirk Ella, Hull.
Mrs H. Willett, Liverpool.

TELEVISION AND RADIO

SATURDAY

† indicates programme in black and white

BBC 1

8.30 am Wait Till Your Father Gets Home. 8.55 Bananaman. 9.00 Saturday Superstore. 12.15 pm Grandstand, featuring 12.55 News; Golf: The Masters; Cricket: Fifth Test (West Indies v England; Football; Bowls; Racing from Ascot; Ice Hockey; Swimming; and at 4.40 Final Score.

5.5 News. 5.15 Regional Programmes. 5.20 The Muppet Show. 5.45 The Dukes of Hazzard. 6.30 Every Second Counts. 7.05 The Collectors. 7.55 Film: "Hanky Panky." 9.40 News and Sport. 9.55 Cagney and Lacey. 10.40 Film: "A Guide for the Married Woman," starring Cybill Shepherd and Charles Frank.

BBC 2

2.00 pm Film: "Joan of Arc" starring Ingrid Bergman and Jose Ferrer. 4.15 The Sky At Night. 4.35 World Bowls. 6.05 Horizon: The Case of the Frozen Addict. 7.00 Newsview. 7.40 World Bowls. 8.15 Winterreise (Dietrich Fischer-Dieskau and pianist Alfred Brendel perform Schubert's song-cycle). 9.30 Golf: The Masters from Augusta National, Georgia. 12.00-1.05 am World Bowls.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Captain Scarlet. 11.30 Secret Valley. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Benson. 2.45 Boxing. 4.45 Results Service.

5.00 News. 5.05 Connections. 5.35 Robin of Sherwood. 6.30 Child's Play. 7.00 Bobby Davro on the Box. 7.30 The Price Is Right. 8.30 Tarby and Friends. 9.15 CATS Eyes. 10.15 News. 10.30 The Late Clive James. 11.15 LWT News Headlines followed by Movie Premiere: "The Thing." 1.10 am Night Thoughts.

CHANNEL 4

1.05 pm Eco. 1.30 Birds of Britain. †2.00 "Murder He Says" (Fred MacMurray stars). †3.45 "Murder in the Private Car." 4.55 Andy Panda. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 Faces of Kerry. 7.00 News Summary followed by Seven Days. 7.30 Spring on 4. 7.45 20/20 Vision. 8.30 Held in Trust. 9.00 Royalty. 10.00 Hill Street Blues. 11.00 Tennis: The Buick WCT Finals from Dallas, Texas.

S4C WALES

†2.40 pm Feature Film: "The Firefly" (Jeanette MacDonald stars with Allan Jones). 5.00 Worldwise Reports. 5.30 Patterns of Life. 6.30 Club Mix. 7.00 Hwrlibwrli. 7.30 Newyddion. 7.45 Stumiau. 8.15 Gwyl Ffilmiau Celtaidd. 9.00 Carey Morris. 9.15 Y Maes Chwarae. 10.05 Brothers. †10.35 The Twilight Zone. 11.00 Tennis: The Buick WCT Finals from Dallas, Texas.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

11.00 am Terrahawks. 11.30 The Flying Kiwi. 2.15 pm Off the Rack. 5.05 Blockbusters. 10.30 Movie Premiere: "The Thing." 12.25 am At the End of the Day.

BORDER

11.00 am The Greatest American Hero. 2.15 pm The Protectors. 5.05

Shirley Bassey in "Tarby & Friends," London 8.30 pm

Dreams. 10.30 Movie Premiere: "The Thing."

CENTRAL

11.00 am The Greatest American Hero. 1.20 pm The Saturday Western: "Raw Edge," starring Rory Calhoun and Yvonne de Carlo. 5.05 Mr and Mrs. 10.30 Movie Premiere: "The Thing."

CHANNEL

11.00 am The Greatest American Hero. 11.59 Today's Weather. 2.15 pm Mr Smith. 5.05 Blockbusters. 10.30 "The Thing." 12.45 am After Midnight: The Tubes.

GRAMPIAN

11.00 am The Greatest American Hero. 2.15 pm Benson. 5.05 Blockbusters. 10.30 Movie Premiere—"The Thing." 12.25 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 2.15 pm Mind Your Language. 5.05 Knight Rider. 6.00 Robin of Sherwood. 10.30 Movie Premiere: "The Thing." 12.25 am The Roots of Rock 'n' Roll.

HTV

11.05 am The Champions. 11.58 HTV News. 2.15 pm A Good Day's Fishing. 5.05 Off the Rack. 10.30 Movie Premiere: "The Thing."

SCOTTISH

11.00 am The Glen Michael Cavalcade. 11.45 Adventures of Jeremy. 2.15 pm British Candid Camera. 5.05 Blockbusters. 10.30 Movie Premiere: "The Thing." 12.25 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 2.15 pm The Smurfs. 5.05 Newsport. 5.07 Blockbusters. 10.30 Movie Premiere: "The Thing." 12.25 am Postscript.

TVS

11.00 am The Greatest American Hero. 11.57 TVS Weather. 2.15 pm Mr Smith. 5.05 Blockbusters. 10.30 Movie Premiere: "The Thing." 12.25 am After Midnight: The Tubes. 1.30 Company.

TYNE TEES

11.00 am Little House on the Prairie. 11.55 Morning Glory. 5.05 pm Diff'rent Strokes. 10.30 Movie Premiere: "The Thing." 12.25 am Post's Corner.

ULSTER

11.00 am The Baron. 11.58 Lunchtime News. 2.15 pm Diff'rent Strokes. 4.55 Sports Results. 5.03 Ulster News. 5.05 Candid Camera. 10.27 Ulster News. 10.30 Feature Film: "The Thing." 12.20 am News at Bedtime.

YORKSHIRE

11.00 am Otherworld. 2.15 pm Candid Camera. 5.05 Connections. 10.30 Movie Premiere: "The Thing."

RADIO

(S) Stereo on VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The News Huddlines. 1.30 Sport On 2 including Football; Cricket (5th Test in Antigua); Racing from Ascot; Swimming; also news of final practice for the Spanish Motor Racing Grand Prix, a report from Augusta on the US Masters Golf Championship, and the latest tennis news from the WCT finals in Dallas. 5.00 Sports Report. 6.00 David Hamilton presents Two's Best. 7.00 Pop Score. 7.30 An Evening in Vienna (S). 9.30 String Sound (S). 10.05 Chris Stuart (S). 12.05 am Living Legends (S). 1.00 Bill Rennells presents Nightride (S). 3.00-4.00 am A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.25 Chicago Symphony Orchestra (S). (12.00 Interval reading). 1.00 pm News. 1.05 Soprano and Piano (S). 2.00 Vaughan Williams in his Time (S). 4.05 Budapest Wind Ensemble (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Tchaikovsky and a New Soviet Quartet (S). 7.30 BBC Welsh Symphony Orchestra, Part 1: Janacek (Taras Bulba), Bartok (Piano Concerto No 3, with Garrick Ohlsson) (S). 8.20 Canetti For Sale. 8.40 Concert, part 2: Dvorak (Symphony No 7) (S). 9.30 A Pure Eye for the Losers. 10.30 Clementi and Mozart piano recital by Christopher Kite (S). 11.00 Continental Cabaret Chansons (S). 11.30 Schoenberg: Chamber Symphony No 1 (version for full orchestra) (S). 11.57-12.00 News.

Medium Wave as above except: 3.25-5.35 pm Cricket: Fifth Test, West Indies v England.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather, Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster with Peter Riddell, Political Editor of the FT. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Questions of Taste (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.20 More for Love Than Money. 3.30 News: International Assignment. 4.00 The Saturday Feature: The Wound Dresser. 4.45 The Fosdyke Saga II. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Mischief Makers. 11.00 Science Now. 11.30 Bodgers, Banks and Sparkes (S). 12.00-12.15 am News.

SUNDAY

† indicates programme in black and white.

BBC 1

8.55 am Play School. 9.15 Knock Knock. 9.30 This is the day. 10.00 Asian magazine. 10.30 Switch on to English. 10.55 Recovery. 11.20 Tele-Journal. 11.45 With a little help from the chip. 12.10 pm See hear! 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week.

2.00 EastEnders. 3.00 Film: "The Purple Plain" starring Gregory Peck. 4.40 Rolf Harris Cartoon Time. 5.05 Children of Courage. 5.50 Antiques Roadshow. 6.30 News. 6.40 Songs of Praise. 7.15 Hancock's Half Hour. 7.45 Anno Domini. 9.25 Mastermind. 9.55 News. 10.10 The Rock Gospel Show.

BBC 2

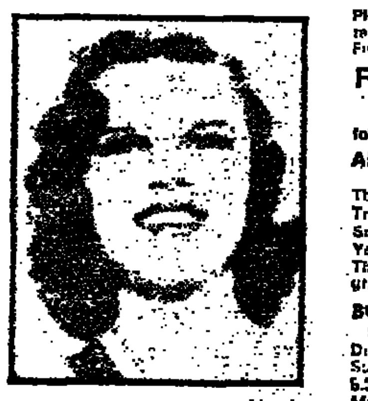
10.45 Geoffrey Smith's World of Flowers. 11.10 World Bowls.

1.55 pm Rugby Special: Thorn EMI Country Championship Final—Kent v Warwickshire. 2.30 Sunday Grandstand, featuring Motor Racing (Spanish Grand Prix); Bowls (Midland Bank World Indoor Pairs Championship); Swimming (Sun Life Assurance International) and Basketball (Carlsberg National Championship). 6.30 The Money Programme. 7.15 Natura. 7.45 World Bowls. 8.10 Juan Carlos: King of all the Spaniards. 9.10 Golf: The Masters. 12.00-12.40 am †Grand Prix: The Spanish Grand Prix.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Once a Thief . . . ? 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Small Wonder. 2.00 LWT News Headlines followed by Encounter.

2.30 pm The Big Match — Manchester United v Sheffield Wednesday. 4.30 Seal Morning. 5.00 Albion Market. 6.00 How You See It. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 Murder, Mystery, Suspense: "Jaws" starring Robert Shaw, Rod Steiger and Richard Dreyfuss. 9.45 News. 10.00 Spitting Image. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by Journey Into Space. 12.00 Night Thoughts.



Judy Garland in "Strike up the band." Channel 4, 2.30 pm

CHANNEL 4

1.05 pm Irish Angle presents Hands. 1.30 The Making of Britain. 2.00 The Pocket Money Programme. †2.30 "Strike Up the Band (Mickey Rooney and Judy Garland star). 4.45 pm Durrell in Russia. 5.15 News Summary followed by Roy and Bob II. 6.00 Tennis, the Buick WCT Finals from Dallas, Texas

7.15 pm Path of the Rain God. 8.15 Sinfonietta. 9.00 astrozzi, a Romance. †10.00 The Twilight Zone. 11.00 Tennis: The Buick WCT Finals.

2.20 pm The Great Plant Collections. †2.50 Feature Film: "Vice Versa." 4.45 Iesu Odoe a Heddiw. 5.15 Roy and Bob II. 6.00 Tennis—The Buick WCT Finals from Dallas. 7.15 Dai Dog. 7.20 Newyddion. 7.30 Cais Am Gen. 8.00 Mynnitau's Pethe. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Almanac. 9.35 Plu Chwthig. 10.05 Assembled in Britain. 11.00 Tennis—The Buick WCT Finals.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.30 am The Prizewinners. 1.00 pm The Beverley Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 4.30 The Smurfs. 5.00 Seal Morning. 5.30 Now You See It. 6.00 Albion Market. 11.30 The New Avengers. 12.30 am Pilgrimage.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Farming Outlook. 4.30 Survival Special. 5.00 Seal Morning. 5.30 Look Who's Talking. 6.00 Albion Market. 11.30 Jazz Club.

CENTRAL

9.25 am Wattoo. Wattoo. 1.00 pm Here and Now. 1.30 Gardening Time. 4.30 David Frost Presents the Guinness Book of Records. 6.00 Albion Market. 11.30 War.

CHANNEL

9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez Vous. 1.00 pm In the Garden. 1.30 Video Club. 1.45 The Dolmen Builders. 4.25 Puffin's Pla(i)ce. 4.30 Seal Morning. 11.30 Man in a Suitcase.

GRAMPIAN

9.25 am Max, The 2000-year-old Mouse. 9.35 Sesame Street. 10.30 Fireball XL5. 1.00 pm Farming Outlook. 2.30 The Spice Of Life. 3.00 International Ice Hockey—Under 16 World Championship. 4.00 Now You See It. 5.00 Scotsport. 6.00 Albion Market. 11.30 Tales from the Darkside.

GRANADA

9.25 am Max The 2000-year-old Mouse. 9.35 Indian Legends of Canada. 11.00 Once A Thief . . . ? 11.25 Aap Kaa Hak. 11.30 This Is Your Right. 1.00 pm Small Wonder. 1.30 Cartoon (Bugs Bunny). 1.38 Simon and Simon. 4.30 Encounter. 5.00 Seal Morning. 5.30 Now You See It. 6.00 Albion Market. 11.30 Hardcastle and McCormick.

HTV

9.25 am Max the 2000-year-old Mouse. †9.35 Fireball XL5. 1.00 pm HTV West Helpline Exam Special. 1.30 Farming Wales, followed by Weather for Farmers. 4.30 Survival. 5.00 Seal Morning. 5.30 Now You See It. 6.00 Albion Market. 6.38 HTV News. 11.30 The New Avengers.

HTV Wales—As HTV West except: 1.00-1.30 pm Pool. 11.30-12.30 am Crown Green Bowls.

SCOTTISH

9.25 am Foo Foo. 9.35 Encounter. 10.00 Sesame Street. 1.00 pm Farming Outlook. 2.00 Songs of Celebration. 2.30 Studio. 3.30 Diff'rent Strokes. 4.00 Now You See It. 5.00 Scotsport. 6.00 Albion Market. 11.30 Mapp and Lucia. 12.30 am Late Call.

TSW

9.25 am Link followed by South West Link. 11.00 am Once A Thief . . . ? 1.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens for All. 1.30 Farming News. 5.00 Gus Honeybun's Magic Birthdays. 5.03 Falcon Crest. 6.00 Albion Market. 11.30 The South West Week. 12.00 Postscript Postbag.

TVS

9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda. 1.30 Enterprise South. 11.30 Man in a Suitcase. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.35 Gather Your Dreams. 11.25 Sunday Lookaround. 1.00 pm Farming Outlook. 4.30 Small Wonder. 5.00 Seal Morning. 5.30 Short Story Theatre. 6.00 Albion Market. 11.30 With Good Reason. 12.00 Epilogue.

ULSTER

9.30 am Advice with Anne Haifes. 12.58 pm Lunchtime News. 1.00 Farming Ulster. 1.28 Farming Weather. 1.30 Gardening Time. 4.30 Survival. 5.00 Seal Morning. 5.30 The Lesson is Ulster Housing. 6.00 Albion Market. 6.38 Ulster News. 9.57 Ulster News. 11.30 Sports Results. 11.35 David Frost Presents The Guinness Book Of Records. 12.25 am News at Bedtime.

YORKSHIRE

11.00 am Once a Thief . . . ? 11.30 Farming Diary. 1.00 pm Man in a Suitcase. 5.00 Benson. 5.30 Mr & Mrs. 6.00 Albion Market. 11.30 Nature of Things. 12.30 am Five Minutes.

RADIO

(S) Stereo when broadcast on VHF

BBC RADIO 2

7.30 am Roger Royle Says Good Morning Sunday (s). 9.05 Melodies For You (s). 11.00 Desmond Carrington With your Radio 2 All-Time Greats (s). 2.00 pm Benny Green (s). 3.00 Alan Dell With Sounds Easy (s). 4.00 Jazz Classics in Stereo (s). (15) Stringing the Blues: Joe Venuti and Eddie Lang. 4.30 Sing Something Simple (s). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Words by Heart. 7.30 The Gentle Touch (Joan Savage). 8.0 Marilyn Hill-Smith Sings with the Langham Orchestra. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.30 Jazz Score. 11.0 Sound of Jazz with Peter Clayton [illegible] midnight). 1.00 am Bill Rennells presents Nightride (S). 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Franck and his Circle (S). 7.45 Another World (S). 8.15 David Munrow (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Janos Starker and Alain Planes, cello and piano recital (S). 12.15 pm Scottish National Orchestra, part 1: Sibelius (Karelia Suite), Grieg (Piano Concerto, with Peter Donohoe) (S). 1.05 Collectors' Items. 1.35 Concert, part 2: Scriabin (Symphony No 2) (S). 2.00 Claudio Arrau (S). [illegible] Eduardo Abreu, guitar recital (S). 3.25 [illegible] Caccini, sung in Italian (S). 5.05 String Duos (S). 5.45 The Theatre-Going Public. 6.30 Northern Sinfonia: Vanhal, John Woolrich, Mozart (S). 7.30 Beckett At 80: "All That Fall." Beckett's radio play, with Mary O'Farrell and J. G. Devlin (S). 8.40 Michael Berkeley and Bliss (S). 9.25 "The Georgics," Virgil's poem about agriculture and peace read by John Franklyn-Robins. 10.00 "Piers Plowman." Gerard Schurmann's piece for soloists, chorus and orchestra (S). 11.05 Eugene Sarbu and Gordon Back, violin and piano recital (S). 11.57-12.00 News.

(Medium wave) as above except: 3.25-5.35 pm Cricket: Fifth Test, West Indies v England.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Cary Grant talks, for the Week's Good Cause, about the need for neighbourhood centres for isolated, handicapped and retired people. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. (Omnibus edition). 11.15 Pick of the Week (S). 12.10 pm It's Your World: Phone-in to David Lange, Prime Minister of New Zealand. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 The Nanking Cargo. 4.00 News: The Food Programme. 4.30 The Natural History Programme.

5.00 News. 5.05 Down Your Way visits Chipping Campden, Gloucestershire. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Travel: "Joseph Andrews" by Henry Fielding (S). 8.00 Bookshelf. 8.30 The Monarchy in Britain. 9.00 A Very Warm Welcome. 9.30 Six Men (Enoch Powell talks to Anne Brown in the first of six conversations). 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: The Only Sickness. 11.00 Ray Short Al Fresco (S). 11.15 I'm Very Glad You Asked Me That. 12.00-12.15 am News.

Audio-visual technology

Extra sensory perception

BY POETIC coincidence Epcot, the Walt Disney complex in Florida which is the largest theme park in the world, is situated near the town of Orlando. Does that name ring a literary bell? Virginia Woolf fans will recognise it as the titular hero of one of her novels, who hopped across centuries changing sex and identity as he/she went along.

Woolf's Orlando should be the patron saint of Epcot. Disney's three-year-old fantasy-land is a crash course in tomorrow's audio-visual technology, feeding on yesterday's history and culture. It is a kingdom of time-warps and dimensional shuttlings which movie-makers—and other students of the state-of-the-art entertainment and showbiz—resist visiting at their peril.

Last year I reported on the Paris Geode, which boasts the largest movie image in the world, being projected onto the inside wall of a giant geodesic dome. The Geode and the Imax film system it uses suggested

Nigel Andrews on the mind-boggling delights of Florida's Epcot—the world's largest theme park

that while one part of the cinema industry today is in retreat towards smaller, more flexible formats—video, cable and company—an equal and opposite part of anxious to go big.

In Epcot (Experimental Prototype Community Of Tomorrow) there is an army of the biggest and most boastful screens, formats and Special FX systems in the world. Not only Imax but 3D and Circlorama and screens made up of revolving blocks. Not only animation and computer graphics but holographs, laser displays and life-size electronic puppetry.

To a film critic like this one, who has long felt that cinema will die of malnutrition if it goes over wholly to the video culture, Epcot is like a blueprint for tomorrow: a mission control for deep-tech exploration in the moving image.

Six giant pavilions ring a central trio of command buildings, and the nine venues daily process huge queues of children and grown-ups through sensory treats never dreamt of by many. Those used to pushing VCR buttons at home, or the occasional treat of a trip to the local multiplex, are suddenly presented with eye-wrapping vistas of deep space, are taken on a ride through steamy primeval jungles patrolled by 30-foot dinosaurs and are surrounded by 360° movie screens. They are also witness to life-size humanoid puppets who—thanks to "Audio-Animatronics"—talk, walk, gesture and grimace indistinguishably from the real thing.

Each of the six pavilions are devoted to a different facet of man's physical or spiritual world: The Living Seas, The Land, Journey into Imagination, World of Motion, Horizons, Universe of Energy. And each features a ride on railcars through long, snaking fantasy landscapes where model figures and the [illegible] enact different centuries of man's striving.

In Journey into Imagination you will see Edgar Allan Poe penning the Raven while giant [illegible] squawk and flutter around him. In World of Motion you have a comical, colourful tour through the evolution of transport systems, from horse to penny-farthing, from plane to spaceship. And in Horizons you will be launched into outer space, experiencing the astounding moment when your car passes high up through a dome on whose curvature below is projected the turning image of a planet. As the huge orb slowly spins below you, you feel you have taken complete leave of gravity and that your stomach is left somewhere way back near the coat-check booth.

Best of all is the Universe of Energy. Here you begin (inauspiciously) by being sat in a row of seats facing a wide screen for a film about fossile fuels. Suddenly the entire auditorium floor swings round and the seat sector pushes forward towards a curtained wall which rises to usher you into a prehistoric jungle. You ride through, flanked by bubbling lava mountains, screaming pterodactyls and nodding brontosauri. Even the smell of damp, steamy forest is reproduced.

Epcot visitors wishing for light relief—or perhaps for further disorientation—can then visit the giant lagoon behind the main pavilions. Scattered around its shore is the "World Showcase," which features towering architectural mock-ups, like movie sets, devoted to different countries. Here a *campanile* and a *palazzo* (Italy). There an Eiffel Tower, a bistro and a mess of cobbled streets (France). There again a Tower of London and olde tea shoppe (England). Each country has its own restaurants, bars, movie shows, shops and suitably costumed attendants. And "America" has a 40-minute stage spectacle in which Audio-Animatronic characters bustle through the nation's history, and through a sense-boggling series of set changes, sound effects and cyclorama pictures.

Those who get bored with the "culture-crawl" ("If it's 4 o'clock it must be Morocco"), can always look out towards the lagoon. Here there is usually a laser display in progress, or a boat chase, or an aerial dogfight with hurtling monoplanes emitting coloured smoke trails.

All this magic has to have a mastermind—and you can meet her in person. Epcot is in the control of a phantom girl who leaps off a cinema screen before your eyes (in one of the central command buildings) and becomes a moving talking, blonde-haired hologram. This is "Julie". Gushing a stream of friendly information, she walks up, down and around a roomful of Sperry computers to show you the brains of the complex.

Later I was taken on a still more detailed tour of this computer haven by an enthusiastic Sperry company man, Arthur Miller. He explained how virtually every activity both at Epcot and its adjoining Disney giant, the amusement park Magic Kingdom, is controlled or monitored by Ms Julie and her bank of binary chums: every ride, every talking model, every film, every queue or temperature change.

Epcot is a miracle of controlled sense-bombardment. It was once complained of about cinema that the medium left nothing to the imagination. But I suspect that the imagination, far from atrophying when so much work is done to entertain it, is often stimulated to keep up with the artifice, much as a runner quickens his stride to keep up with a pacemaker.

In Britain we have just had the Bradford Festival of Imax, celebrating the wonder of new advances in the giant screen (3,000 square feet in this instance). In Hollywood they have just given Imax an Oscar for special technological achievement. Inspired by Epcot, Imax and their ilk, the late 1980s may well be the era in which little black boxes shoved into larger black boxes in our living-rooms, and producing ill-focussed images on our TV screens, *finally ceases* to be all that the spectacle-hungry public—or the film-makers, critics *and entertainment impresarios*—want.

Journey into Imagination: Epcot visitors surrounded by circles of neon light in the Rainbow Corridor

Saleroom

Taking a chance with van Dyck

SIR Oliver Millar, Keeper of the Queen's Pictures, is the acknowledged expert on the paintings of Sir Anthony van Dyck. He organised the great van Dyck exhibition at the National Portrait Gallery a few years ago. If van Dyck is your question, Sir Olivar is your answer.

So it is quite extraordinary that Christie's is offering for sale at its impotrant auction of *English pictures next Friday* a portrait of "Henry Rich, 1st Earl of Holland," which it confidently asserts is by van Dyck while Sir Oliver, in a catalogue note, gives his opinion that it is a *copy. Christie's stakes its* reputation on the views of Drs Ludwig Burchard and W. R. Valentiner, *who a generation* ago accepted it as an autograph work. But it is taking a terrific *gamble.*

This is not the first time in recent months that Christie's *has stirred up the art world by* arguing against received opinion In November it sold an *attractive painting of* "Young Master Day." In its catalogue note it thanked the renowned *Sir Ellis Waterhouse for* his opinion that the portrait was by the 18th century English artist George *Romney.* It then completely disregarded his scholarship and attributed it to the *American artist,* Gilbert Stuart. Potential buyers did not seem to mind the disagreement. "*Master Day*" *sold to the* London dealers Baskett & Day for £410,000, double its estimate.

There might be more buying caution over the "van Dyck." For a start it is not such an *obviously stunning picture;* then Sir Olivar carries a particularly high reputation. Perhaps in *acknowledgement of its* bravado, Christie's has a modest estimate of around £60,000 on the lot. *And,* whatever, the truth, at least Christie's sets out contrary views in the auction catalogue.

Leaving aside the controversy over the "van Dyck" Christie's has assembled a particularly strong group of paintings. Followers of price trends will be watching the nautical paintings, which have been rising rapidly in value in recent months. Americans could well be interested in two of them, paintings by Dominic Serres of the 1762 siege of Mavana. Serres was commissioned to paint eleven paintings of the event by the victorious Keppel brothers who masterminded the taking of the port. These two descended through the family and are modestly estimated at £30,000-£35,000 each.

Scots should be bidding for two portraits by Sir Henry Raeburn of Dr Joseph Black, the celebrated chemist, and Dr James Hutton, the celebrated geologist. They are naturals *for the Scottish National Portrait* Gallery, despite their relatively high top estimates of *£40,000 and £35,000. Four* other portraits by Raeburn carry much more modest forecasts.

There is a pretty Lawrence portrait of Lady Wallscourt, *which sold at the Joel auction* in 1978 for £36,000 and which now carries a top estimate of £200,000. There is a most unusual Turner, a Venus and Adonis which looks much like a Titian and which sold to Angnew for 1,450 guineas 101 years ago and could now make £300,000. (Turners are common but Turner apeing the Old Masters is very rare). There is an Indian portrait by Zoffany of Sir Elijah and Lady Impey, their children and servants, which could sell for £250,000. Impey, like Warren Hastings, was called back to London to explain his conduct in India but was absolved.

Reynolds is on offer, with his prices perhaps boosted by the recent show at the Royal Academy, and Gainsborough.

The most expensive picture in the sale is likely to be "Bravura," a filly painted in 1825 by Ben Marshall. She sold at the Dick auction in 1974 for £24,000, and now has an estimate of £400,000-£500,000. The *most unusual on offer is a por*trait of the "Judge and Jury Society in the Cider Cellar" by A. S. Henning. In the early 1840's the popular amusement was to re-enact sensational murder trials. Anyone could play a part on the payment of 1s a head, and Thackery attended the Cider Cellar's fun and games.

Later they became dissolute, and were closed down by the authorities.

On Wednesday next week Sotheby's is also selling English pictures but of later times, of the Victorian era. For all the publicity, run-of-the-mill Victorian paintings have yet to appreciate in price as much as 18th, and certainly not as much as 20th century British. There is nothing of top quality on offer, but attractive genre paintings like "A busy street" by Arthur Houghton, and a domestic interior by George Smith, seem cheap, with top estimates of £6,000 and £15,000 respectively.

There is also a Millais, a portrait of Mrs Perugini, which failed to find a buyer last year but is now more modestly priced at £12,000-£18,000. Showy Victorian paintings are in demand, and one of the showiest, "A Bacchante" by Arthur Wardle, which depicts a naked girl clutching grapes and teasing leopards, has a top estimate of £30,000: in 1974 it made just £650.

The auction also includes three bronzes by Sir Arthur Gilbert, whose current show at the RA should inflate his price. One is a rarer larger study of his "Comedy and tragedy" and carries a £15,000-£20,000 forecast. A 27 in cast of "Perseus arming" might make £30,000: a 14 in version has a £12,000 top forecast.

● Christie's had a disappointing sale of important Old Master pictures in London yesterday when the top lot—Mattia Preti's Adoration of the Magi, valued at between £400,000 and £600,00—failed to sell, *writes Annalena McAfee.*

The sale, which was to have included Goya's Marquesa de Santa Cruz until the Spanish Government paid *£4.1m* on Thursday for its return, totalled £2,774,000 with 42 per cent bought in. *Gregory Martin* of Christie's said, "when the main lot isn't sold it casts a shadow over the rest of the sale." However the rest of the bidding was strong but selective, he said.

The London dealers Matthieson paid £345,600 for Amico Aspertini's Madonna and Child. Alexander Keirincx's view of Pontefract was bought for £16,200 by the London dealers Leggatt on behalf of the Tate Gallery.

Antony Thorncroft

"The Earl of Holland," attributed to van Dyck

Opera

A passionless bride

WITH *The Bartered Bride* re-entering the English National Opera on Thursday and a revival of its stunning *Rusalka* scheduled for June, the wide range of Slavonic opera that was one of the hallmarks of the Harewood years at the Coliseum continues to leave its imprint. This *Bartered Bride,* directed by Elijah Moshinksy, appeared exactly a year ago; the first revival has been supervised by David Ritch with an almost entirely new set of principals.

It continues to look splendid. John Bury's Bonnard-like sets enclose a chorus that teems with life and carefully focused detail, encapsulating a real village: assorted arthritic elders, gawky adolescent girls, gauche youths, ubiquitous children and gallons of beer. When the stage is left to them the performance *is charged with energy;* the circus, ramshackle, hilarious, is the highlight of the show, its characters—Rosemary Ashe's Esmerelda, Terry Jenkins's Ringmaster, Mark Richardson's Indian—colourful survivors from the production's previous incarnation.

But for the main business of the opera the intensity evaporates almost completely. At the core of the problem are the lovers—John Treleaven's stiff, detached Jenik, occasionally springing to vocal life, and Angela Feeney's unaffecting, colourless Marenka—who never seem able to get hold of the dramatic crux and project it. It's impossible to care who marries whom, and without that vital interest the evening all but collapses. Richard Van Allen's Kecal is sonorous and nicely self-important, the humour never overdone, but even he, like his colleagues, fails to inject pace into the recitatives, so that a good head of steam is never maintained.

The gallery of *insipid* impersonations is continued in the two sets of parents, none of whom appears to have been encouraged to take on the level of characterisation still ingrained in the chorus from the initial production. The Vasek of Alan Woodrow, moon-faced and vulnerable, is the only real success of the newcomers, and he takes most of the vocal honours as well. But none of the successful elements is sufficient in itself, and the conducting of Peter Hirsch, based in Frankfurt and making his ENO debut, does not hold things together as it might, despite the promise of a bustling well-groomed overture and passages of relaxed, naturally pliant orchestral playing.

Andrew Clements

Records

The final glory

SHOSTAKOVICH: Symphony No 13 "Babi Yar." Concertgebouw/Haitink. Decca 417 261-2.

BRITTEN: Sinfonia da Requiem, American Overture, Occasional Overture, Suite on English Folk Tunes "A time there was. . ." City of Birmingham Symphony/Rattle. EMI *CDC 7473432.*

SKRYABIN: Symphony No 3 "Divine Poem." BBC Symphony/Pritchard. BBC CD 520.

MAXWELL DAVIES: Symphony No 3. BBC Philharmonic/Downes. BBC Artium CD 560.

STRAVINSKY: Divertimento (Le Baiser de la fée), Suites 1 & 2, Octet. London Sinfonietta/*Chailly.* Decca 417 114-2.

WITH THE release of the Thirteenth, Bernard Haitink's cycle of Shostakovich symphonies is completed. It has been a fascinating and enlightening series to follow work by work, and quite effortlessly has outstripped all previous Shostakovich cycles in the *quality* of its orchestral playing—mostly the Concertgebouw, though one or two earlier in*stalments used* the London Philharmonic—and the penetration of the interpretations. Haitink's *Shostakovich* has a solidity and strength of purpose that are convincingly symphonic, even in which programatic elements tend to overshadow purely musical considerations.

The settings of poems by Yevtushenko that make up the five movements of the Thirteenth straddle the border between symphony and song cycle. It is flanked in the sequence by an unbridled programme symphony, the Twelfth, subtitled *The Year 1917,* and a song cycle in everything but name, the Fourteenth. But the *directness of the settings in the* Thirteenth suggest a programmatic intent: the texts are meant to be heard in both the bass solos and the unison choral lines. The symphony as performed here uses the original version of the first poem, Babi Yar, in which the protest against anti-semitism is plain and undisguised; Yevtushenko revised his poem after the frosty reception of the symphony's premiere in 1962, but later appears to have reverted to his original text.

Haitink is vivid in his realisation of the symphony's imagery; the Concertgebouw is formidably eloquent, Marius Rinztler sings the bass solos with a Musorgskyan blackness of tone; the sombre male chorus is the Concertgebouw's own. But in many ways this is the least striking of the late Shostakovich symphonies, because its very plainness does not permit the vivid thematic and instrumental ideas that make its successors so gripping. Contained on a single compact disc, however, it holds the attention fiercely (on LP it spreads across two discs, and is coupled with two late song cycles). It is the culmination of Haitink's most valuable contribution to the record catalogue so far.

Simon Rattle and the Birmingham orchestra are now nicely advanced upon a series of Britten recordings for EMI which mixes established works with those resuscitated since the composer's death. Here the *Sinfonia da Requiem* in a powerful though perhaps not ideally stark reading and the late, wistfully nostalgic Folksong Suite frame exuberant accounts of the pair of overtures written in the 1940s but only published in 1983. Evidently the composer all but disowned both works: the *Occasional Overture,* commissioned for the opening of the Third Programme in 1946, was suppressed after an indifferent first *performance by Adrian Boult,* while the *American Overture,* written in 1941 for the Cleveland Orchestra but never performed, had been totally forgotten when the manuscript was rediscovered in the last years of Britten's life.

Both, though, are striking pieces, occupying unique positions in Britten's relatively slender orchestral output. The *American Overture* shows the composer at his closest approach to the populist style of American music in the New Deal years, slightly folksy in some of its inflections, suggesting the wide-open spaces of contemporary Copland towards its close.

The *Occasional Overture* indulges Britten's skill as orchestrator to a luxuriant degree; Donald Mitchell's generously informative sleeve note likens it to a miniature concerto for orchestra. Certainly it forms a pointed contrast to the predominantly austere scoring of the works that surround it, and which have set the accepted tone of Britten's music of the period.

With Skryabin symphonies also in the pipeline from EMI, and the Third in particular turning up quite regularly in Festival Hall programmes, it seems as if that particular brand of overripe romanticism is coming back into fashion. John Pritchard's account of the Third with the BBC *Symphony* has a degree of detachment and coolness that may be attractive to those fractionally *allergic* to the composer's excesses; as a demonstration of a conductor's orchestral control and of lucid recording the CD is first rate.

Pritchard's ability to weld the movements into a coherent span is also impressive; the BBC SO has prospered in the 19th-century symphonic repertory during his period as principal conductor, so that the quality of playing and refinement captured here no longer come *as the surprise they* might have seemed five years ago.

Maxwell Davies's Third has become the speciality of another BBC orchestra, which commissioned and first performed it in 1985. That premiere was remarkable for the BBC Philharmonic's mastery of the technical demands Davies makes upon his players, and the recording confirms not only the accuracy of the account, but also the durability of the work itself, convincing enough on its own, genuinely symphonic terms to blow away any preconceptions one might have of what Davies's orchestral music ought to sound like. The language now is flexible and self-consistent; the tenets of the musical argument are clearly defined and their working out cogently demonstrated.

While I for one regret the loss of emotional directness that was such a powerful characteristic of Davies's orchestral music of the 1960s and early '70s, it cannot be denied that he has replaced that quality with an intellectual rigour and textural suavity that make his symphonies progressively more approachable. After this splendid recording the BBC Philharmonic and Edward Downes should urgently now tackle the Second, which has tended to languish since its less than convincing British premiere in 1983.

Finally, the latest instalment of Riccardo Chailly's Stravinsky series brings a charming compilation of small-scale works, gracefully packaged by the London Sinfonietta. For the four Chaikovsky-derived movements that Stravinsky abstracted from *Le Baiser de la fée* and cast as a Divertimento the warm, slightly resonant sound quality is positively helpful; in the Octet it dulls some of the brilliance. Apart from the pair of Suites which are orchestrated from piano miniatures the disc also includes the angular *Fanfare for a New Theatre,* a serial *pièce d'occasion,* and the Three Pieces for clarinet, effortlessly and elegantly delivered by Antony Pay.

Andrew Clements

Radio

4-blight saga

RADIO 4 has launched its new Saturday evening schedule. With ineffable logic the planners now overlap Radio 3's *Critics' Forum* with *Stop the Week* on 4. At first glance a perverse clash between two rare articulate discussion spots on radio, it turns out to be no contest. On 4 Robert Robinson hectors, interrupts and generally bulldozes over his guests who, damned if they'll give in, shout their prepared set-pieces through his charming habit of capping their jokes or drowning their punch-lines. One to Radio 3, I think.

Over Easter a slightly panicky producer had noted the maturity of the average R4 listener, and lamented the fact that the young are not acquiring the Radio 4 habit. The powers that killed off *Children's Hour* are curiously surprised that children no longer listen. This may explain why the Saturday-Night Theatre slot was filled by a children's play, The *Weirdstone of Brisingamen,* whose most intriguing feature was two intervals of harp music while a mysterious voice assured us that the action would resume in a couple of minutes. Is the BBC *already making* programmes with commercial breaks? Do they know something we don't?

One recent improvement on 4 has been the high standard of afternoon drama. Last week's contribution to the *Storytellers* series was *Angel,* a Chekhov anecdote transplanted to northern England. As the loving, put-upon heroine who strikes out for independence after a lifetime of caring for unseeing men, June Barrie, a stalwart of Bristol theatre and radio, moved effortlessly into genteel Lancashire, and Chekhov came over as the Alan Bennett *de ses jours.*

The Local Network (Tuesday) is a new curate's egg: a promising if *thrifty idea,* as yet tentatively treated. The selected items from local radio cast less *light on topics already covered* nationally—Belfast violence, nuclear waste—than on such purely *local issues* as once great manufacturing areas trying to come to terms with recession *(from Radio West* Midlands). All the local stations' spokesmen sounded down-to-earth, full of no-nonsense commitment, and inspired more confidence than some of their national network colleagues.

Self-parody of the week: the Rev Colin Morris agonising in *Thought for the Day* about spacemen possibly taking nasty earthling traits like barbed wire and pickets to the innocent inhabitants of other planets. Naffest interview: *PM's* encounter with the "former council gardener" now playing Romeo at Stratford after a career that has included handling chewing (given up because too pongy). Did he regard a contract with Royal Shakespeare Company as a big break? Had he ever thought he would one day play Romeo? Yeah. No. Was there any other Shakespearean play he would (unhappy phrase) "like a stab at"? Yeah, *Macbeth.* What role would he like? Macbeth. Come back, Radio Bedfordshire. All is forgiven.

Martin Hoyle

Solution to Chess No. 615

1 Q-R7. If 1...K-B6; 2 Q-QR1, K-N7; 3 Q-KR1. If 1...K-B4; 2 Q-KN7, K-R5; 3 Q-B6. If 1...K-N4; 2 Q-KB7, K-R5; 3 B-Q8.

Rebel Philippines MPs stage a challenge to Aquino

BY SAMUEL SENOREN IN MANILA

THE GOVERNMENT of President Corazon Aquino of the Philippines faces a major challenge today when about 100 of the 183 elected Members of the Parliament which she abolished last month resume sessions in defiance of her authority. Their move could eventually lead to the establishment of a rebel government.

The dissident MPs, contending that Mrs Aquino had no power to abolish Parliament because its members were directly elected by the people in 1984, plan to install Mr Arturo Tolentino, the vice-presidential running-mate of ousted President Ferdinand Marcos, as Acting President.

Mr Marcos and Mr Tolentino were declared by the Parliament winners of the presidential poll in February in what Mrs Aquino said was a false proclamation.

Mrs Aquino, who was swept to power by the armed forces which revolted against Mr Marcos shortly after the election, said the session would be allowed to take place as part of the freedom of speech. This is despite warnings from some of her advisers that she should deal with the issue more firmly

The rebel parliament could spark a direct confrontation between Mrs Aquino's Government and supporters of Mr Marcos who have regrouped in an attempt to topple Mrs Aquino.

Yesterday, several thousand supporters of Mr Marcos gathered in a park a few miles from Mrs Aquino's palace to proclaim Mr Tolentino duly elected Vice President.

Mr Tolentino, 75, who was absent during Mr Marcos's oath-taking on February 25 at the presidential palace, accepted the proclamation

W. German farmers join protest

By Peter Bruce in Bonn

MORE THAN 50,000 West German farmers joined nationwide demonstrations at the weekend, calling for changes in the European Community's agricultural policies and in an attempt to press the Bonn Government to make extra national aids available to the industry.

Simmering dissatisfaction over income among West Germany's farmers has boiled over since the devaluation of the French franc a week ago, which is likely to ensure higher incomes for French farmers.

German farmers carried banners saying, among other things "Rather be honourably dispossessed under socialism than be ground to nothing under capitalism."

Their anger has concerned Chancellor Helmut Kohl's Government, which faces an important state election in Lower Saxony in the summer and a general election next January.

Stockman sees no hope for Reagan policy

BY STEWART FLEMING IN WASHINGTON

MR DAVID STOCKMAN, the former Reagan Administration Budget Director and an architect of the President's supply side economic policies in 1981, says in a book to be published this month that the Reagan revolutionary social and economic policy was doomed to failure from the outset.

He maintains that his own, naive optimism about the possibility of securing dramatic cuts in government spending in Congress, the flimsy grasp which the President and most of his top aides had of the economic policy issues they were grappling with, and the fact that Mr Reagan was too much of a consensus politician to push aggressively for radical changes in government policy, all contributed to the failure.

Assessing the implications of the $200bn federal budget deficits for which he accepts partial responsibility, Mr Stockman warns that "If we stay the course we are now on, the decade will end with worse hyperinflation than the one with which it began."

Mr Stockman criticises Mr Reagan's refusal to raise taxes to help resolve the deficit issue, but says that when the President is ultimately faced with choice of increasing taxes or rampant inflation he will chose the former.

The seathing critiques of his former administration colleagues, including White House chief of staff Donald Regan and the advisers Mr Reagan brought with him from California, are already making headlines. Excerpts from his book, "The Triumph of Politics: Why the Reagan Revolution Failed" appear in the current issue of Newsweek magazine.

President Reagan is described as "an incorrigible optimist . . . whose knowledge is primarily impressionistic: he registers anecdotes rather than concepts." Mr Stockman paints Mr Reagan as a man who "operated on the 'echo principle.' Whatever the President insisted on he would try to get."

Of the top Californian aides, Mr Michael Deaver, Mr Ed Meese and Mr Lyn Nofziger, he says: "They were illiterate when it came to the essential equation of policy." Only Mr Meese remains within the Administration.

Extremists urge Sikhs to take up arms

BY K. K. SHARMA IN AMRITSAR

SIKH extremists in the Indian state of Punjab made their first open call yesterday for an armed struggle for the formation of "Khalistan," an independent Sikh homeland.

The call was made at a supreme religious congregation inside the Golden Temple, the sikhs' holiest shrine in Amritsar which has been under the extremists' control since January.

Although they are known to have been fighting for an independent state, they have never said so openly, nor have they asked all Sikhs to take up arms in the forthright manner in which they did yesterday.

The open demand for "Khalistan" comes at a critical time. Terrorist activity has increased forcing the moderate Akali party state government, led by Mr Surjit Singh Barnala to step up action by the security forces. A tough new police chief has announced a "bullet-for-bullet" strategy which has had some success as a number of terrorists have been killed or captured in the past fortnight. However, the killing of innocent Sikhs and Hindus by the militants continues.

Yesterday's congregation was attended by about 6,000 Sikhs which is considered a poor attendance, particularly as it was timed to coincide with the festival marking the harvesting of the winter crop. Usually, hundreds of thousands attend the Golden Temple on this day but the shrine was virtually deserted yesterday.

This was partly because of tension in Amritsar and the intensive security measures taken in the city. The streets were full of armed paramilitary forces who also watched the congregation from nearby rooftops. Hundreds of reinforcements have now surrounded the temple.

Present at the congregation were scores of wanted terrorists, many of whom carried guns. Those were displayed for the first time since the militants first seized the Golden Temple.

Chile debt of £2.6bn rescheduled

By Alexander Nicoll

CHILE'S COMMERCIAL bank creditors signed agreements on Friday rescheduling $2.6bn (£1.7bn) of debt principal repayments falling due between the beginning of 1985 and the end of next year.

The accords cover four borrowers and more than half of the $4.8bn (£3.2bn) which will be stretched out under the country's multi-year rescheduling agreement which has been under negotiation since early last year. Lenders of the remaining debt falling due over the three-year period are due to sign over the next few weeks.

This will ensure that Chile continues to receive funds under loans totalling $1.1bn signed last November, including a pioneering World Bank guarantee for part of the amount, to cover the country's financing needs for 1985 and 1986.

Chile, like other large debtors, is seeing its payments position improve with the sharp falls in interest rates and oil prices, and with some recovery in the prices of key export commodities such as copper. The domestic economy returned to growth in the second half of 1985.

The terms of the rescheduling accord stretch out repayments for 12 years

Zia rebuffs Benazir's demand for elections

BY JOHN ELLIOTT IN ISLAMABAD

BENAZIR BHUTTO'S campaign to force the Pakistan Government to hold immediate elections was firmly rebuffed over the weekend by President Zia ul-Haq and Mr Mohammad Junejo, the Prime Minister. Both said there could be no polls until the scheduled date of 1990.

But Miss Bhutto warned that she would have to reconsider her campaign of peaceful processions and demonstrations if polls were not announced by the start next month of the annual Moslem festival of Ramadan which will put a one-month brake on political campaigning from about May 20.

In an interview three days after her return to Pakistan, she also accused President Zia, who executed her father in 1979, of setting up a "special commando cell" to assassinate her. She believes that a Friday night attack by a young retired army major on a house she had been using in Lahore was part of this.

Police rejected Miss Bhutto's claims about the intentions of the major who is believed to have been recommended for psychiatric care after he had been refused entry to the UK last month when he was carrying her photograph.

Meanwhile, Miss Bhutto is continuing to draw large crowds on her series of meetings across the northern province of Punjab. She arrived at 3 am on Sunday instead of 3 o'clock the previous afternoon in the town of Gujranwala, 50 miles from Lahore, because of the crowds on the route. The town was still awake and she delivered a one hour speech before returning to Lahore.

Government ministers, backed by a wide body of public opinion, believe, however, that her campaign could fade out unless it is stepped up with violence or other demonstrations.

Miss Bhutto will consider some form of escalation within a few weeks. "We want a date from Mr Junejo for elections based on political parties before Ramaddan. If we don't get it we will have to rethink our strategy."

However, Mr Junejo was adamant over the weekend that "there can be no general elections in the country till four years have elapsed." Miss Bhutto's Pakistan People's Party and others which told their members to boycott last year's elections because party organisation was not allowed would have to wait until then.

President Zia, the main target of Miss Bhutto's attacks, also criticised the processions and meetings she is conducting as "time consuming and generating more heat than light." They were "not conducive to the promotion of democracy," he said. Indicating a line of attack the Government might build up in the next few weeks.

Argentina draws on $4.2bn loan

By Peter Montagnon

ARGENTINA is this week to receive a further $600m (£410m) from its commercial bank creditors, the third instalment of a $4.2bn (£2.8bn) credit arranged last year.

Resumption of drawing on the loan follows Argentina's recent agreement with the International Monetary Fund on targets for the final period of its existing economic adjustment programme.

A statement issued by Citibank over the weekend said an Argentine delegation was due to meet next week with its 11-bank committee of leading creditors, but it is not clear whether the talks will mark the start of discussions on a fresh financing arrangement for 1986.

The Argentine Congress still has to pass this year's budget and the Government of President Raul Alfonsin still has to fix a figure for the country's external financing requirements.

Still available to be drawn later is the final $600m portion of last year's bank credit.

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.